Daily Report

Latin America

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FBIS-LAT-95-114 *14 June 1995*

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Cuba

Bolivian Paper Interviews Alarcon on Helms-Burton Bill

FL0906223195 Havana Radio Reloj Network in Spanish 1933 GMT 9 Jun 95

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, offered an interview to Ana Maria Camperes, director of PRESENCIA newspaper, from La Paz, Bolivia, during her recent visit to Havana. During the interview, Alarcon stated that the Helms-Burton Bill to strengthen the U.S. blockade against Cuba might be a greater threat to the rest of Latin American than to Cuba. Regarding the rejection of the Helms-Burton bill by the Rio Group foreign ministers, Alarcon noted that some of the bill's aspects should cause apprehension to any other nation in the region. He added that the claim to restore property to its former owners before the triumph of the Revolution is the bill's most controversial point.

Alarcon stated that the Helms-Burton bill is an indication of the new U.S. Right-Wing's foreign-policy views and their beliefs about a New World Order. He disregarded predictions by U.S. extremist elements about the possible devastating effect of the recent migratory treaty between Cuba and the United States on Democrats currently in power.

Alarcon told the newspaper that Clinton's party might lose financial support from Cuban exiles in Florida, but that he was completely sure that Democrats would win the coming elections in the United States [as heard].

Chilean Paper Interviews Alarcon on Democracy

PA1306042395 Havana PRENSA LATINA in Spanish 2045 GMT 11 June 95

[FBIS Translated Text] Santiago de Chile, 11 Jun (PL) — In an interview with the Chilean newspaper LA NACION, Ricardo Alarcon, president of the National Assembly of the People's Government, defended Cuba's concept of democracy, which is based on the people's participation in government.

The Cuban leader said, I am a convinced democrat, but I do not believe we should accept the arbitrarily reduced concept of democracy that consumer society intends for us to have.

In his answers to LA NACION Director Jorge Fernandez, Alarcon discussed the multiparty system and pointed out that it would be ridiculous for any politician to say that he lives in a society that has achieved the democratic ideal.

Alarcon underscored that democracy is a quest and still remains a utopia.

Alarcon also told the Chilean newspaper that the idea of one party that groups all Cubans has existed from the very beginning of the revolution and is linked to Cuba's need, throughout its history, for unity to deal with attempts to absorb its nationality.

He added that the day these attempts come to an end neither the same conditions nor the same guidelines will operate.

I believe, Alarcon said, that the electoral system that should be questioned is outside of Cuba.

In his opinion, channels should be created to promote participation in order to really give the people power.

Alarcon said that leaving this in the hands of one or various parties would not be democratization, but a reduction of the people's influence.

Alarcon Defends Electoral System, Cuban Democracy

PA1306170295 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Jun 95

[Report by Barbara Bethancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] Dr. Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, has said Cuba's electoral system must be seen as a fundamental part of the island's political system. He made his statements in Havana on Monday [12 June] at the closure of public hearings on Cuba's electoral system.

[Begin Alarcon recording] Our electoral system, as part of our political system and an expression of our democracy, is one of the basic vitories of our form of socialism, our revolution. It is one of our irrefutable victories — a victory we must preserve, defend, and improve. I also believe that on this issue, as well as in many related experiences, despite the limitations of the special period and despite the material difficulties we face, there is and, I believe, there continues to be room for improvement and development in our political system, our style, our methods, and the way in which we do things in our country — things we and the rest of humanity have always understood to be democracy. [end recording]

Alarcon added that following the collapse of the socialist bloc, the West has tried to restrict the concept of democracy so that it includes nothing more than elections. In his opinion, this is a defense mechanism used to preserve capitalist exploitation.

[Begin Alarcon recording] Now that there is no danger of nuclear destruction, now that there no longer is a

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threat that because of ideological differences the planet might be dragged into a nuclear war in which everyone loses, everyone is vaporized, people are now beginning to ask more probing questions. People now are starting to ask themselves why this or that problem — problems of interest to everyone — cannot be resolved in their own country. Why does not everyone have access to free education? Why are there not free health services for everyone? And so on and so on.

Capitalist liberals now have to supply more serious answers to these questions. They can no longer argue that they have to assign a great deal of funds for war or to prepare for a possible war with the Soviet Union. Now they have to explain to the people why their social problems are worsening, why there are less resources for the people, and why there are growing levels of dissatisfaction in those societies that supposedly won the Cold War. In this sense, it fits them to a tee to impose the idea of a restricted democracy — a democracy reduced to nothing more than elections — and to limit it and describe it as representative. [end recording]

Alarcon admitted that, even with its imperfections, Cuba's electoral system is infinitely superior to those imposed on other people.

[Begin Alarcon recording] All of those people still have to work hard to find ways for their own candidate to be nominated. We can, of course, find and perhaps always find deficiencies and inadequacies in our process to choose candidates in our villages in the assembly nomination processes.

Nevertheless, comrades, let us not forget that this is one of the most valuable victories we have achieved. This should be the goal of all other people who do not have this. Many people still have to struggle very hard to have a truly democratic election that resolves problems that are resolved here in a natural and simple fashion. Every corner in our city in which the electoral lists are displayed, places where everyone can check to ensure his or her name is included, is proof of this. If a person's name is not listed, he can get it included and thereby resolve the problem.

Still, in the United States, a great deal of effort is needed to make it possible for people to register to vote. There are still many people who have to struggle a great deal to gain access to a mechanism that allows them to repeal a mandate, thereby enabling the same people who elected an individual to end his term. In today's world, there are still many people who have to struggle to demand performance from an elected official.

We also know that we still have a long way to go, that we can find many deficiencies in the way we hold elections — things that can be improved much more, and so on. Nevertheless, let us not forget that here we have a basic principle in our society — something for which, in many other latitudes, it would be worth giving up one's very life. [end recording]

Last, Alarcon talked about the need to continue perfecting not only electoral democracy, but participative democracy as well, in order to strengthen the necessary political foundations that defend the revolution. This is achieved through increased popular authority and increasing the people's influence in the decisionmaking process, he said.

Straight Talk on Nickel Industry

FL1306125295 Havana Radio Rebelde Network in Spanish 1600 GMT 12 Jun 95

["Straight Talk" Program with Reporters Osvaldo Rodriguez and Fernando Davalos]

[FBIS Translated Text] [Rodriguez] Good afternoon, friends, this is "Straight Talk" on Rebelde. Cuba has the largest reserve of nickel in the world.

[Davalos] Of the mineral nickel.

[Rodriguez] Of the mineral nickel. Thank you. As you have already heard, our guest on today's program is Fernando Davalos from Radio Taino, who will be with us to discuss an interesting subject: Are we selling our subsoil?

[Davalos] That is what Cuba's enemies are saying. They were the first ones to sell their soul to Satan in the past. Therefore, it seems ludicrous for people, who did what they pleased with Cuba, to now point their fingers at us when we negotiate with foreign companies who respect Cuban sovereignty and laws.

[Rodriguez] We should mention that in the exploitation of the mineral nickel, Cuba has associated itself with large foreign enterprises like Sherritt.

[Davalos] Yes, Sherritt, Incorporated, a very serious foreign enterprise like Sherritt demonstrating its love for Cuba, its dedication and closeness towards Cuba. Sherritt is the mother corporation of a large nickel business with Moa and (Forza Cachijuan) refinery. But, Sherrit is the mother corporation of the CNW, the Canadian Northwest Energy, which is the one that made the oil discovery in the Bay of Cardenas. But they are also investing in tourism in Cuba and are co-owners of the Melia-Las Americas Hotel. In other words, it is a company that is reinvesting its dividends in Cuba.

[Rodriguez] Of course. In other words, they are not repatriating their earnings.

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[Davalos] Well, perhaps they are with part of the earnings but one can see from their behavior that they are a friendly company, very different from those U.S. companies, from the times of these people who are now accusing us of selling the subsoil, which would take whatever they could. They would leave the hole, as it was commonly said.

[Rodriguez] In other words, they would come scrape the subsoil and take everything with them.

[Davalos] There is proof. There is a zone in Nicaro, which is said to have a lunar appearance, because they would not even worry about reforesting the area. That is an example, a symbol, an emblem, of the ravaging effect of the companies that worked in Cuba prior to the Revolution's triumph.

[Rodriguez] In other words, we are looking at a foreign company, a powerful company, that is here in Cuba because of its economic interests, but at the same time is treating us like a friend.

[Davalos] Those who lead our government today are not at all like those who led the past governments. Nor are today's laws like the laws of before.

[Rodriguez] And that is respected by the foreigners

[Davalos] Yes, they respect those laws. We must say that these companies that are working in the nickel and other industries are respectful towards Cuba's sovereignty, otherwise, they could not deal with Cuba.

[Rodriguez] Of course, one must consider that they are protecting their own interests.

[Davalos] I agree. Furthermore, we have no alternative. We do not have the resources to develop the nickel industry. There are currently six large mining companies in Cuba analyzing their participation in the nickel industry. There is a new deposit in Camaguey. Did you know that there was nickel in Camaguey?

[Rodriguez] No, I did not.

[Davalos] Well, there is.

[Rodriguez] I knew there was livestock in Camaguey, but I did not know that there was a nickel deposit.

[Davalos] Well, in Camaguey, in a place called San Felipe, there is a nickel deposit that is being researched for mining jointly with a foreign company. The feasibility studies are now underway. These studies, as the name suggests, are the studies that will say how this deposit must be mined so that it is efficient for both sides.

[Rodriguez] Davalos, looking at the nickel within the spectrum of the national economy...[pauses] We have always talked about the sugar industry being the leader, closely followed by the tourism industry. We have the nickel industry and the biotechnological industry. But, in what place would you put the nickel industry? Do you think it could someday compete with the two main industries?

[Davalos] No, I do not think so. Even though, we are the largest reserve. That also depends on the price. At the moment prices are not the way they were just a few months ago when it was $13,000 per tonne. Now they are lower.

[Rodriguez] The dollar is also worth less.

[Davalos] In other words, this is a sector of medium potential that has many prospects and which creates many jobs. Perhaps it had some difficulties at the beginning of the 90's when trade ended with the Soviet Union. We were left with no one to sell the nickel to. Today, Cuba sends nickel to more than 30 countries.

[Rodriguez] Even though the U.S. blockade prohibits the importation of a product made with Cuban nickel to the United States.

[Davalos] It is impossible, in a globalized world, for you to know whether this item has nickel from Cuba. Our nickel is just like any other nickel. It does not have a special color or odor.

[Rodriguez] Yes, but what happens is that in most cases products have a certification of origin and the origin of the raw materials. There are always ways of violating this, but there are always ways of tracing it back to its origin.

[Davalos] The concentrate of nickel that leaves Moa is sent to the (Forzas Cachijuan) in Alberta, Canada. There, they produce nickel briquettes that have a 99.8 percent purity. It is a small ingot of nickel that is sold to whomever buys it. It can be any country anywhere in the world. In other words, it is sold by another company of the three that were created from the business between the Sherritt and the Nickel Union.

[Rodriguez] Of course, there it loses its origin. Its origin is no longer Cuba.

[Davalos] Of course, they always try to trace its origin but the business is working. Let me tell you that, based on recent reports, the business that we are doing with the nickel from Moa and the (Forza Cachijuan) refinery — in other words, the business that Cuba is doing with Canada — is doing very well. This year, it is very possible that we will exceed the (?13,000) tonnes of capacity that the Moa plant has.

[Rodriguez] That is good news. Davalos, are there other business dealings with the nickel industry?

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[Davalos] Yes, but they are done with the same respect for Cuba's sovereignty and national interests because you know that the Revolution, the revolutionary government, would not accept anything less.

[Rodriguez] I believe we have found serious partners. At the same time, our own position of independence and sovereignty makes them respect us. Finding a serious partner makes that respect mutual.

[Davalos] In the oil industry, in the past, there were what were called concessions. The oil concession was a freehold that was adjudicated to a company and there they could do whatever they felt like doing. Nevertheless, today, the entire world has gone to another type of formula which is the contract at risk. It is a modern way, with respectful measures, that establishes the authority of the two sides. It is no longer absolute concessions that allow them to do whatever they want to do. I believe Argentina is the only country in America that maintains the infamous oil concessions. That is just to give you an example.

In the nickel industry there are six large companies, because we want, Cuba wants, to modernize and enlarge its plants in Nicaro, in Camariocas, which is under construction, and the Che Guevara, which was completed a few years ago. We want to modernize them.

[Rodriguez] Even though the plant in Nicaro continues to be the most efficient in the world.

[Davalos] Yes, but it looks like the Moa plant will exceed its production. I believe that is because all the nickel workers in general, in all plants, are working to achieve efficiency. Moa is already receiving an injection of capital. Between now and the year 2000, it should receive at least $90 million in modernizations.

[Rodriguez] Just yesterday I was talking to Aroldo, our correspondent in Holguin — and without making a great promise to our listeners — we were considering the possibility of doing a "Straight Talk" program from Moa to talk about how the workers confront the repairs, the operation, and the efficiency of the plant and at the same time explain the mechanisms that are followed and what used to happen before in Moa and why those problems were not solved.

[Davalos] Well we must say that Moa is receiving a technological transformation from Sherritt. That is something that we must recognize. They are working and perhaps they will overcome their problems. We must not give too many details, because it could affect us on the international market. But Moa is working efficiently.

The Nicaro, which is an older plant, and the Che Guevara, which is the latest one to be inaugurated, are not working with foreign partners. There they have problems because of the economic restrictions that the country is going through. I believe the battle front is not in Moa but in the other plants which do not have a partner as we say.

New possible trading partners are arriving. There is also the deposit — miners do not like to call them deposits, they would rather call them fields or reserves.

[Rodriguez] Let us call them deposits because that is how most people understand them.

[Davalos] It is a term that I think the Soviets introduced. We have the deposit in (Pinares de Mayari Oeste), which is being evaluated by an Italian company, the (Western Mines).

[Rodriguez] The sovereignty of our subsoil is today's topic. Davalos we have been talking about nickel specifically. We have mentioned some other minerals but the nickel. What does this exploitation of the Nickel industry at maximum capacity represent to the Cuban population and its development; in layman's terms, please.

[Davalos] Well, without mentioning them in order of importance, we have employment. Several thousand Cubans, perhaps tens of thousands of Cubans, are linked to the nickel industry.

[Rodriguez] Especially, in a zone where employment is a problem which is the eastern zone of Cuba. Especially, north of Oriente.

[Davalos] Then we must recognize that the exported component of the nickel product is low. Why? Because it is a natural resource. It is not about importing a raw material to produce a product. We take that raw material right from our soil.

A television operator asked me, when he saw the masses of red soil that was being extracted: Is there nickel in that? Inside that dark red muddy soil is where the nickel is. That is a resource that Cuba has. We do not have to pay for it. Its imported component is not as high as in tourism. In tourism to have the excellent service one must invest large sums of money.

[Rodriguez] It has been said that it reaches 70 percent.

[Davalos] Yes, 60 or 70 percent. Sugar, on the other hand, comes from the cane in our fields. It is paid in pesos. There are no.... [pauses] Well, we must buy fertilizers and fuel, etc., but it always costs much less. Its imported component is around 30 percent. The nickel

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industry is not as low as sugar because it has machinery, fuel, and certain industrial expenses....

[Rodriguez, interrupting] The very process is very expensive.

[Davalos] The process is expensive, but it is a very expensive product. A tonne of nickel can be sold at $8,000 to $10,000 and it has gone as high as $13,000. The imported component is very favorable to Cuba because it is a natural resource, however, a nonrenewable resource. We must be clear about that. When there is no more nickel, that's it. Pick up your stuff and go. But we have reserves for 30 years or more.

[Rodriguez] In that case, sugar has an advantage because when there is no more nickel we will still have sugar.

[Davalos] That is one of the things that one must consider. Even though one must not say that one is more important than the other.

[Rodriguez] I was just thinking that this helps us diversify our economy so that we do not depend one product. But, before I interrupted you, you were talking about employment, and the imported component.

[Davalos] Well, we are no longer just considering a concentrating plant as an option, but concentrating and refinery plants. In other words, with the new investments that are being negotiated, we will produce metallic nickel.

[Rodriguez] What is metallic nickel?

[Davalos] Nickel that is ready for production of nickel plate, nickel-iron, for many different types of products.

[Rodriguez] Well, thank you, Davalos, for talking about the independence and sovereignty that we are going to maintain on our subsoil in spite of the fact that we are negotiating with foreign companies, creating joint enterprises. We are negotiating with serious companies that are not going to take a piece of Cuba in their suitcases.

Trade Relations With Caricom Reviewed

PA1306123395 Havana PRENSA LATINA in Spanish 0900 GMT 12 Jun 95

["Exclusive" article by Clemente Nicado: "Cuba in the Eyes of the Caribbean"]

[FBIS Translated Text] Cuba, the so-called pearl of the Caribbean, with beaches of exceptional beauty, a privileged geographic position, and vast regions of unspoiled nature, now has an increasingly alluring attraction increasing its investment possibilities.

Mexican, Spanish, British, French, and South American capital is finding room in the Cuban market and is causing anxiety in Washington, which for the last 35 years has been trying to suffocate Cuba with an economic and financial blockade.

Following the footsteps of investors from rich nations and taking advantage of their proximity, government officials and businessmen of the Caribbean are landing at Cuban airports.

To reach the so-called Gulf key, the majority of the Antillean neighbors are using the Anglo-Caribbean community (Caricom) [Caribbean Common Market] as a bridge connecting Cuba since 1993 by a promising joint commission.

Orlando Hernandez Guillen, Cuban deputy foreign trade minister, said trade relations with our neighbors are growing each day adding that no one could have predicted two years ago that Cuba's trade with the region would exceed $150 million.

The island's government redrafted its economic strategy and opened its doors to foreign capital after 85 percent of its trade fell under the rubble of the collapsed European socialist bloc and the former USSR.

In the context of this new policy, the Cuban authorities decided that Latin America and the Caribbean were the natural and appropriate partners to promote its trade relations, which are of a smaller importance but more varied, thereby enabling the country to compensate for the intensive trade relations it maintained with its former associates.

Hernandez Guillen said today's trade relations with Latin America and the Antilles represents 35 percent of the island's total trade. Cuba basically exports to the Caribbean nontraditional products such as steel, cement, machinery, and pharmaceuticals.

"An objective review of the characteristics of the trade between Havana and the Caribbean — the Cuban specialist said — could lead to an underestimation of the latter regarding the role it could play in the economic future of the largest island of the Antilles."

According to Gerardo Gonzalez, from the Center for the Research of America [Centro de Estudios Sobre America], it would be absurd to believe that the Caribbean could absorb considerable percentages of Cuba's exports and that Cuba would import from the Caribbean a significant volume of necessary goods.

What we are trying to do, he said, is to obtain a maximum amount of benefits according to our mutual possibilities and within the structural limits of the trade between the two parties.

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Fruitful Marriage

Thanks to this marriage we have created associations in the oil sector as well as in the tourism field. This is the case of the Jamaica Super Clubs, which operates facilities at the Varadero Resort, 130 km northwest of Havana.

The list of firms that have set up facilities in Cuba includes the Neal and Massy Business Consortium, the largest one in the Caribbean, with 125 subsidiaries employing 7,000 persons.

This firm, based in Trinidad and Tobago and founded in the 1930's, signed trade agreements with the Cuban company Quimimport and with Cimex, a mixed corporation. The firm is trying to expand its operations to the industrial field.

Within its area of interests, the Neal and Massy Consortium could negotiate in the areas of oil and oil byproducts, electronic components, auto parts, office furniture, food, as well as financial and security services, among others.

Richard Wells, representative of the consortium in Cuba, said that last December there were many businessmen in the region who were following the island's economic transformation process.

Several visitors to the area have been able to confirm it during the last few months, among them the executives of Neal and Massy, who paid a short visit to Havana, a visit described by an influential media source as "substantial and significant."

Salvador Fernandez, the Belizean trade and industry minister, arrived in Havana in early May. He signed cooperation agreements with his Cuban counterpart as well as with the minister of construction materials industry, tourism, and foreign investment and economic cooperation.

According to experts, two important moments in 1993 marked the relations between the two economic poles: Cuban Foreign Minister Roberto Robaina's tour of the eastern Caribbean and the creation of the Joint Cuba-Caricom Commission.

Prior to the third meeting of Caribbean negotiators and the fourth session of Expocaribe, which will be held between 26 June and 2 July, experts predict a greater movement of merchandise through the seas and skies of the Caribbean in the near future.

This prediction is also based on the announced coming into force of the Association of Caribbean States (AEC), an integrationist project that emerged in the Colombian city of Cartagena de Indias last July, of which Cuba and 24 other independent states of the Caribbean basin are members.

According to its charter, the AEC must facilitate economic relations among its members, but the organization still faces certain difficulties. Some of its members are building their own diplomatic springboard to make contacts with Havana.

Why so much interest? It can be explained by a single fact: Edwin Carrington, secretary general of the Caricom, said recently: No one wants to miss out on the most promising market of the Caribbean.

Further Self-Employment Jobs Authorized

FL1306172095 Havana Radio Rebelde Network in Spanish 1155 GMT 13 Jun 95

[From the "Doing Radio" program]

[FBIS Translated Text] Car valet and guard, sports coach, sign painter, boiler room manager, and document translator are among the activities and trades which have been authorized as self-employment jobs beginning 13 June.

Correction to Ministry Confirms Vesco's Arrest in Havana

PA1306200995

The following correction pertains to tht item headlined "Foreign Ministry Confirms Robert Vesco's Arrest," which appears in the 12 June Latin America DAILY REPORT, page 4:

Column one, paragraph two, sentence two make read: ...in September of 1982, he was allowed... (changing year from "1992" to "1982")

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Report Outlines Public, Private Foreign Debt

PA1406010495 Mexico City EL FINANCIERO in Spanish 12 Jun 95 p 4

[FBIS Translated Text] Mexico will have to earmark $48.442 billion between 1995 and 2000 to amortize the principals on the public and private foreign debts, which amounted to $134.5 billion during the fist quarter of the year, according to the amortization schedule of the country's total foreign debt.

Of the total foreign debt, $87.5419 billion corresponds to the public sector and $46.9581 billion to the private sector. Of this latter figure, $25.67 billion corresponds to the foreign debt owed by the banking sector, including Certificates of Deposit, interbanking debt, and bonds placed on international markets.

By March 1995, corporations or the private sector owed $20.9881 billion to foreigners, approximately $12 billion of which corresponds to bonds placed on international capital markets between 1991 and 1994.

According to information from the Finance and Public Credit Secretariat, it is estimated that by late 1994, Mexico owed $46.643 billion to world commercial banks, $25.67 billion of which corresponds to interbanking debt and Certificates of Deposit. Another $10.506 billion corresponds to the debt the private sector owes to international commercial banks, and $10.467 billion corresponds to the public sector, including $3.347 billion worth of rescheduled debt, $5.428 billion worth of debt that has not been rescheduled, and $1.491 billion worth of so-called "fresh money" debt.

Regarding the foreign debt nonbanking creditors have undertaken, the Mexican Government owes $6 billion to the IMF. However, this debt should increase to $12.5 billion with the special aid granted during the first quarter. Because these resources correspond to efforts to strengthen reserves and foreign exchange stabilization, they are not accounted for as expenditures even though they accrue interest.

Likewise, the debts owed to the World Bank and the Inter-American Development Bank, bilateral credits, private issuances, debts owed to suppliers, bonds at par value, discount bonds, and others total $73.099 billion.

Finally, the private sector owes $10.481 billion to bilateral public sources in bonds and commercial paper and other credits. It noteworthy that the private debt placed on international markets grew significantly starting in 1990.

1995-2000 Amortizations [subhead]

In 1995, the principal amortization schedule, which does not consider debt interest, shows that Mexico must pay principals amounting to $10.645 billion, $7.796 billion of which must be covered by the public sector and the rest by the private sector.

The public sector (government and state organizations) must pay $1.850 billion to commercial banks, and the private sector must pay $1.576 billion.

As for the interbanking debt, the official schedule does not include amortization dates because the refinancing of these debts is considered a fact. However, the financial crisis of the first quarter of 1995 prevented the banking sector from refinancing the interbanking debt and the certificates of deposit to the point of directly amortizing approximately $3.5 billion and more than $2.2 billion through dollar loans the government granted by means of the Fobaproa [Savings Protection Banking Fund], charging an annual interest rate of 25 percent, which is approximately three times the rate international creditors charge, in an effort to prevent nonpayments. By May, the banks had prepaid approximately $1.16 billion of this latter debt, and certain interbanking maturities were beginning to be refinanced.

In 1995, the private sector must pay $1.576 billion worth of principal on its debts with commercial banks, so the payment of principal to the foreign sector totals $3.456 billion for the country.

Other creditors must be amortized $6.097 billion, $5.588 billion of which are payments of public sector principal and $1.243 billion of the private sector. For credits contracted prior to the financial crisis, the IMF must be paid a total of $1.092 billion.

It should be noted that the amortization schedule does not list the amortization program of the debt contracted as part of the stabilization program. Long-term funds were contracted with the U.S. Government amounting to $20 billion, $10 billion of which have been received, and $17.8 billion were contracted with the IMF, $10 billion of which will be received in the second half of the year.

Principal payments in 1996, not including amortizations of credits referred to in the previous paragraph, add up to $9.465 billion according to the official amortization schedule, $7.232 billion of which corresponds to the public sector and $2.233 billion to the private sector, considered debt contracted prior to December 1994.

In 1997, the payment schedule obliges Mexico to earmark $10.28 billion, $6.341 billion of which the government and its enterprises and organizations must cover and $3.881 billion to be paid by the private sector.

In 1998, the programmed balance of amortizations to principal adds up to $8.781 billion, $6.311 billion of

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which corresponds to the public sector and the rest to the private sector.

In 1999, the programmed payment of principal for Mexico adds up to $5.189 billion, $4.898 billion and the rest to the private sector. [sentence as published]

For the year 2000, the schedule establishes amortizations to principal amounting to $4.083 billion, $3.644 billion of which corresponds to the public sector.

SCHEDULE OF AMORTIZATIONS OF MEXICO'S TOTAL DEBT 1995-2000

	Billions of Dollars						
	Total	1995	1996	1997	1998	1999	2000
A. Commercial banks	46.643	3.456	1.576	1.744	1.478	1.055	783
Public sector	10.467	1.880	561	745	652	482	411
Restructured	3.347	378	251	329	375	295	291
Not restructured	5.428	1.685	153	193	58	28	1
Direct and syndicated	711	204	153	193	50	28	1
Short term	3.617	1.481	—	—	—	—	—
Bank Acceptances	1.100	—	—	—	—	—	—
Fresh money	1.491	76	156	223	277	159	119
1983-87	560	26	155	177	161	48	—
1990-91	931	—	—	47	136	119	119
Mexican Banks(1)	25,670	na	na	na	na	na	na
Private sector	10,506	1,576	1,015	999	826	573	372
B. Other creditors	81,833	6,097	6,806	7,722	6,812	3,957	3,215
Public sector	73,099	4,854	5,588	4,841	5,166	3,838	3,147
Official	32,785	4,383	3,778	3,442	3,340	3,126	2,576
WB and IDB	10,904	1,784	1,842	1,758	1,609	1,516	1,420
Bilateral (2)	15,882	2,680	1,931	1,654	1,731	1,610	1,154
Private placement	613	104	154	—	—	—	100
Suppliers	76	25	5	2	4	6	6
Bonds	39,625	341	1,656	1,398	1,827	706	466
From discount	8,102	—	—	—	—	—	—
Par	20,027	—	—	—	—	—	—
Others(3)	11,497	541	1,656	1,396	1,872	706	466
Private sector	10,481	1,243	1,218	7,881	1,644	119	68

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	Billions of Dollars						
Bilateral source	227	29	29	27	25	21	15
Commercial bonds and notes	7,737	1,058	1,036	2,716	1,576	58	34
Others	770	156	151	136	103	40	19
C. IMF (4)	6,000	1,092	1,083	813	493	578	86
D. Total foreign debt (A+B+C)	134,476	10,645	9,465	10,280	8,781	5,189	4,083

(1) Refinancing of foreign debt is assumed.

(2) Includes CCC [expansion unknown] as a result of assumption of debt by private sector.

(3) Includes guaranteed bonds until the year 2006 and privatization.

(4) Exchange rate: U.S.$ / Real dollar = 1.4484

N/A Not available

Roundup of Mexican Economic Developments

PA1306145895

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 12 June.

An Energy Secretariat report entitled "Analysis of Procedures To Quantify Proven Petrochemical Reserves" states the country's proven oil reserves total a little more than 63 billion barrels — the equivalent of 49 years of production. (Mexico City EL FINANCIERO in Spanish 5 Jun 95 p 41)

Mexican Petroleum (Pemex) is currently obtaining an average profit of one new peso (N$) for every liter of gasoline it imports, because it is selling the fuel at higher prices than those being charged by U.S. firms that market the product. This is why there is no great interest in building a new refinery. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 6 Jun 95 p 30)

On domestic gasoline sales averaging 490,000 barrels per day (bpd) in the first four months of 1995, Pemex paid about N$10.427 billion, or 55.6 percent of its net revenues, in taxes to the Finance and Public Credit Secretariat (SHCP) and commissions to its dealers. Deducting special taxes on products and services, the value-added tax applied to gasoline, and commissions paid to gas station concessionaires, Pemex kept some 44.4 percent of the revenues it generated. Over the period, Pemex revenues amounted to nearly N$8.3449 billion from the domestic sale of 9.3777 billion liters of gasoline. (Mexico City EL FINANCIERO in Spanish 7 Jun 95 p 30)

On sales averaging 31,000 bpd in the first four months of 1995, diesel exports jumped by 155 percent compared with the same period a year earlier. Pemex reported that during this period domestic refineries produced an average of 227,900 bpd of diesel — a 1.9 percent increase over production figures registered in the same period in 1994. (Mexico City LA JORNADA in Spanish 8 Jun 95 p 44)

Pemex has reported that the consumption of Magna Sin gasoline in Valle de Mexico in the first quarter of the year averaged 47,700 bpd — a 13 percent increase over the same period a year earlier. Meanwhile, Pemex reported the consumption of Nova gasoline continued to drop, averaging 62,900 bpd, which is 12.3 percent less than during the same period in 1994. (Mexico City EL FINANCIERO in Spanish 9 Jun 95 p 26)

According to an 11 June, Mexico City-datelined report, Pemex registered a $56.7 million surplus in the first quarter of 1995. A total of 332,300 tons of oil products were exported in this period, earning $65.9 million in foreign currency. Meanwhile, Pemex imports of petrochemical products totaled $9.2 million. (Mexico City NOTIMEX in Spanish 0013 GMT 12 Jun 95)

According to a 6 June, Mexico City-datelined report, the Mexican trade balance registered a surplus of $801 million in April 1995. The figure is an improvement over the $1.419 billion deficit recorded in April 1994, the SHCP reported today. The SHCP added that overall exports amounted to $5.77 billion — a 24 percent

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increase over the products exported in April 1994. Overall imports amounted to $4.969 billion — an 18.2 percent decline from the same month a year earlier. (Mexico City NOTIMEX in Spanish 0022 GMT 7 Jun 95)

According to a 7 June, Mexico City-datelined report, the Bank of Mexico (Banxico) has reported that the nation recorded a $1.209 billion deficit in its balance of payments current account in the first quarter of 1995. This figure reflects favorably when compared to the $6.696 billion deficit registered in the first quarter of 1994. In addition, the commercial balance in the first quarter of 1995 showed a $540 million surplus, as opposed to a $4.297 billion deficit in the first quarter of 1994. Banxico primarily attributed these results to a 36 percent increase in exports between the first quarter of 1994 and the first quarter of 1995. In addition, imports declined because of the peso's devaluation and the resulting contraction of demand. (Mexico City NOTIMEX in Spanish 0233 GMT 8 Jun 95)

The SHCP has reported that, in the first four months of 1995, the import of raw materials for industrial production slid 42.1 percent from the same period a year earlier. The SHCP also said that during the period Mexico earned a trade surplus of $1.341 billion from its commercial exchange with other countries. The trade surplus accumulated in this four-month period was basically credited to exports in the oil and agricultural sectors. During the period, revenues from oil exports surged to $2.715 billion, representing a 29.3 percent increase over the same period last year. Imports of consumer goods for this period plunged 34.3 percent. Closely linked to domestic productive activity, imports of raw materials or intermediate goods not associated with assembly plants dropped 42.1 percent, while those of capital goods — machinery and equipment — dropped 28.4 percent. (Mexico City LA JORNADA in Spanish 7 Jun 95 p 46)

According to the National Agricultural Council (CNA), the agricultural trade balance registered a surplus of $540 million in the first quarter of 1995, as exports increased 36 percent and imports remained virtually unchanged. In analyzing the agricultural trade balance, the CNA said agricultural exports registered a 58 percent increase over the same period in 1994, going from $1.37 billion to $2.162 billion. Meanwhile, imports of food dropped 26 percent. Agricultural exports, driven mainly by coffee and livestock products, were sold mainly to North American markets and increased from $1.253 billion in the first quarter of 1994 to $1.963 billion in the same period this year. Meanwhile, the CNA warned that the surplus in the agricultural trade balance "should not overlook the fact that the agricultural-livestock sector runs the serious risk of losing its artificial competitive edge resulting from the peso's devaluation." (Mexico City LA JORNADA in Spanish 7 Jun 95 p 46)

Vehicle imports dropped 59.3 percent in the first four months of the year from the same period a year earlier because of the increase in auto prices following the devaluation of the new peso, according to information from the Mexican Association of the Automobile Industry. (Mexico City LA JORNADA in Spanish 6 Jun 95 p 13A)

According to an 8 June, Monterrey-datelined report, several Egyptian corporations have placed orders to buy approximately 100,000 tons of Mexican sugar for $30 million. The Egyptian ambassador also reported that investors are also interested in purchasing equipment to manufacture corn tortillas. The 1994 Egyptian-Mexican bilateral trade balance showed a $25 million surplus in Mexico's favor. (Mexico City NOTIMEX in Spanish 2126 GMT 8 Jun 95)

A total of $7.0588 billion in foreign investments was withdrawn from Mexico in the first quarter of the year, according to figures released by Banxico. This capital flight was covered by the infusion of $9.9908 billion in credits received in the first three months of the year, primarily from the IMF and U.S. Government. (Mexico City REFORMA in Spanish 9 Jun 95 p 13A)

According to an 11 June, Mexico City-datelined report, the Commerce and Industrial Development Secretariat has decided to impose a compensatory quota on imports of Danish pork products, ranging from 21.8 percent to 42.8 percent. It also will impose a compensatory quota of 29.3 percent on steel plate rolls imported from the former Soviet republics. The decision was made after investigations revealed unfair trade practices involving these products. (Mexico City NOTIMEX in Spanish 0004 GMT 12 Jun 95)

Banxico has reported that inflation between January and May reached 28.83 percent, following a 4.18 percent monthly increase in May. The report added that the accumulated inflation rate for the past 12 months is at 34.15 percent. (Mexico City LA JORNADA in Spanish 9 Jun 95 p 49)

The Secretariat of Agriculture, Livestock, and Rural Development has reported that it will have $80 million this year to grant loans to 230,000 coffee farmers in the states of Veracruz, Oaxaca, Puebla, Guerrero, Hidalgo, San Luis Potosi, Jalisco, and Nayarit. (Mexico City LA JORNADA in Spanish 5 Jun 95 p 38)

In its quarterly report, the Apasco cement company has noted it has lost N$120.295 million. The company attributed the losses to debts contracted in domestic cur-

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rency. Its short-term debts amount to N$580.6 million, while its long-term debts total N$1.0993 billion. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 5 Jun 95 p 3A)

Delgado Seen as Counterinsurgency Agent

95CA0250A Mexico City PROCESO in Spanish 22 May 95 pp 38, 39, 41

[Article by Guillermo Correa and Julio Cesar Lopez]

[FBIS Translated Text] San Cristobal de las Casas—Regarded as one of the wealthiest men in Veracruz and having had a lengthy career in the business/politics axis, Dante Delgado Rannauro, the presidential representative for resolving the state's shortcomings, has become one of the main implementers of the "great counterinsurgency master plan in Chiapas." This plan combines co-opting with evictions, black lists, arrest warrants, confrontations, and murders, groups that belong to the State Council of Indian and Peasant Organizations (CEOIC) and have been denounced.

Two of these peasant representatives, Francisco Jimenez Pablo, a member of the Follow-up Commission of the Democratic State Assembly of the Chiapan People (Aedepch), to which the CEOIC belongs, and Rubicel Ruiz Gamboa, a leader of the Independent Peasant Movement of the Municipality of Villa Corzo, indicated that the great counterinsurgency master plan has been stepped up since Dante Delgado has been in the state.

Rubicel Ruiz Gamboa says that among the main targets of the counterinsurgency plan are the peasant organizations that are demanding justice. He recalled that it was precisely in the municipality of Villa Corzo that a few weeks ago the federal Army and the Judicial Police evicted peasants belonging to the Francisco Villa Union from the Prusia and Liquidambar coffee estates, and that the region is still completely militarized today.

Dante Delgado, the coordinator of the social welfare and sustainable economic development program for the State of Chiapas, is taking a hard line and "is treating us worse than the federal government treats the Zapatist National Liberation Army (EZLN). His logic is to strengthen the official organizations, the ones that he regards as his allies," Rubicel Ruiz and Francisco Jimenez maintained.

"Along with Carlos Tello, the director of the National Indian Institute (INI), Dante Delgado drafts black lists of the organizations that are with Amado Avendano's Transition Government in Rebellion," they indicated.

In their view, the counterinsurgency master plan consists of handing out money to win sympathizers away from the EZLN and of pursuing a policy to evict peasants from more than 1,500 properties, covering close to 90,000 hectares, that they "have recovered" since the armed conflict began. This plan, they explain, has led to the murder of almost 100 peasants so far in 1995, besides 150 arrest warrants for members of the peasant and Indian movement who, though they sympathize with the EZLN's causes, are neither armed nor avowed advocates of war.

These accusations have been leveled against the federal official and former governor of Veracruz for almost three months, ever since he arrived in the state. Since then, they say, he has placed his closest confidants in key posts in the Chiapas government. The entire team of the man who is also the attorney for agrarian affairs of the republic is from Veracruz as well.

Since he began taking action, federal officials have been back and forth, announcing sizable investments. The most recent was Carlos Rojas Gutierrez, the secretary of social development, who on Wednesday, 17 May announced that 926 million new pesos would be invested in public works for the people of Chiapas.

The CEOIC finds it very striking that most of the investments are earmarked for the area of conflict. Carlos Rojas himself gave an example of this as he made a lightning visit to the town of Maravillas Tenejapa, in the municipality of Las Margaritas, a strong EZLN zone.

There he announced 313 million new pesos for the Indians living in the Las Canadas region of the Lacandon Forest. As Governor Julio Cesar Ruiz Ferro explained, the money will be used to build roads, hospitals, schools, and homes in 444 communities in the forest and to hand out thousands of scholarships, breakfasts, and food baskets containing tons of food.

These actions, the members of the CEOIC say, are part of the counterinsurgency master plan, which encompasses the Aedepch, ranchers, and the Party of the Democratic Revolution (PRD). "Its objective is to prevent the democratic movement from reestablishing itself or growing stronger.

"Because the path that the federal government is taking is not one that will open up to democracy, nor agree to the series of changes that the armed group of the EZLN and civil society are demanding, and instead one that will contest every millimeter of ground that the latter are gaining. The fact is that the government is not willing to solve problems. They do not want the social stratum of the caciques, which prevents development, to disappear. They are against Chiapas achieving progress."

A key element in the counterinsurgency plan, Jimenez Pablo and Rubicel insist, is Dante Delgado, whom they blame for the Judicial Police and military evictions from

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lands. "On the one hand, there is dialogue, and, on the other, there is repression with murders, prisoners, and arrest warrants."

Not only is Dante Delgado regarded as the pivotal element in the government's strategy of combining the Army, the police, and negotiating boards, but he is already considered a "supergovernor" in Chiapas.

People are calling him this, and several local newspapers (such as CUARTO PODER and EXPRESO) are repeating it. These papers are commenting that whereas until recently Chiapas used to have five governors, it now seems to have six: the constitutional governor, Eduardo Robledo; the interim governor, Julio Cesar Ruiz Ferro; the rebel governor, Amado Avendano; the "Tatic," Bishop Samuel Ruiz; the general, Tomas Angeles Dauahare, who is negotiating with the EZLN, and the "supergovernor," Dante Delgado. Delgado, as the president's representative, has been pulling the main strings here, particularly in reference to the mobilizations of the peasants.

In spite of his special powers, he has not come out looking too good.

Wearing a light blue cowboy outfit, smiling at first, and mocking at times, the Veracruz politician, accompanied by several cabinet deputy secretaries who were taking notes, listened to the demands of almost all the peasant delegates. These delegates came to ask him to begin negotiations with what is called civil society, just as the federal government is talking with the EZLN, in particular concerning matters having to do with "justice and human rights," "Indian autonomies," and "democracy."

Dante Delgado told the delegates, in what they described as a "shameless" response, that if they started doing that, "they would leave the people taking part in the San Andres Larrainzar dialogues without work."

This is why Tzotzil Indian Agustin Patistan told him that "all they are doing is sending us to officials who do not listen to the Indians. We have said how these matters should be dealt with, but we have heard nothing clear from you. Your people do not say exactly how and when."

He reminded him that even in Mexico City mechanisms were proposed for these three boards, but "it is as if you people were deaf. At the other meetings we have also said that they should start and continue here. You say start here and continue in Tuxtla. Where then?"

When his turn came, "Comrade Juan, a Tzotzil from the forest," said: "When all is said and done, Mr. Dante is like a broken record.... We would like to know whether the signatures of the deputy secretaries are as good as those of the secretaries. We would like them to clear that up for us so that we can keep on working out a strategy to deal with the general points of our problems. But they have to tell us now: this is going to happen. So that we can try to get focused."

"Comrade Trini" was more straightforward: "We need you to tell us whether or not the secretaries are going to do this. Second, whether the demands that have been made for years in Chiapas are going to be met, or do you just want to do the same thing to us as in the past. Mr. Dante, let me be clear, the people of Chiapas have suffered hardships for centuries, and many people from the government, if I may say so, have not had the capacity to help. Today, we and you must have the capacity to resolve the state's problems thoroughly. Otherwise, we are wasting our time and fooling the people we have come to represent."

"So, Mr. Dante, tell us, as the top official sent here by President Zedillo, whether you are prepared to have the first three boards start up, followed immediately by the other three. Or don't you want to get into that?

"Our people no longer want just the little things to be resolved. We have not come here for sheet metal or packages of chicken, but rather to be told what course Chiapas is going to take, and whether we are all going to run it, and how. The days of wanting to manipulate us are over. Let me make it clear, Mr. Dante: the people of Chiapas have the capacity to solve things and overcome all of the backwardness caused by other incompetent persons.

"...let us not rehash this all so much, because it is as plain as can be. I do not know whether anyone needs further explanation. Matters are not going to be decided in the way you want. You have to take our proposals into account. Let us respect each other. I want us to take these things seriously. We are not here to see what we can give you and what you can give us. Let us get to the bottom of things. That is what I have to say."

At this point in the meeting moderator Jorge Arturo Luna asked for calm. And then he spoke as the representative of the Independent Federation of Agricultural Workers and Peasants (CIOAC). First of all he called for the drafting of the accords for the meetings that will begin this Monday, 22 May.

He asked for a proposal in writing to put before his people. And he said that cabinet secretaries, not deputy secretaries should attend the negotiations, as they would have to take up issues such as amendments to Article 127 of the Constitution, which violates the rights of the peasants and leaves future generations without land.

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"We want a real solution so that we no longer suffer on this account, with more arrests and murders. This is why we want the cabinet secretaries there. We want to start with realistic solutions or at least begin to see them. How are we going to do it there?"

As for economic development, he said that the people of Chiapas have to make decisions about their own resources, that there ought to be an agreement with the federal government so that there is no more "indiscriminate plundering that leaves us in poverty. Who are we going to talk that over with? The principle is that development is based on the producers themselves, and that they should be the ones who decide on plans, programs, and funding. Who are we going to take that up with? We are talking about state programs for the rural population, not roads. At the very least we want to establish the criteria and the procedures with the deputy secretaries present."

He then told the officials: "The way you put it, there is no solution. Are we supposed to go on living in poverty? We are not resigned to things staying the same. This is why we are speaking up, shouting, and making demands. Because we want to hear from the federal government, not the state government, since these are national matters and have to do with the federal government. This is not just a whim of the Democratic State Assembly of the Chiapan People. It has to do with the pledges that have not been fulfilled for years."

He called for the establishment of the framework, standards, criteria, proposals, and procedures that should be agreed on with the federal government so that they can then decide how to set up the commissions, with the timetable, pacing, and place. "We have proposals for everything, but we are going to get things in order so that we do not trip up and have to begin again."

At times Dante Delgado showed his annoyance, as did those who were with him.

Juan then spoke: "Mr. Dante Delgado, this is the first time I have seen so many deputy secretaries here. How nice. I hope it is to meet our demands. But the federal government has shown several times that it has no desire to do this.

"This is not the first time. For years now they have been sending secretaries and policemen to resolve our problems. This is the way it has been for 502 years. They have always marginalized us. Maybe they think like that because we are Indians, but we too have our dignity and respect, just like you deservedly have. We are asking for a serious attitude. Not the line that there were meetings last year in Mexico City, Tuxtla, and San Cristobal, and no agreement was reached.

"You give the impression that things are going to be resolved tomorrow. That would be nice, but the fact is that this takes time. We have gotten no reply about what the boards in question are going to look like. Who are we going to bring in to solve the problem? Clinton? Our people are waiting for an answer, our women and children. Who are we going to talk with and where? Why have there been so many murders and evictions? We want no more of that. We were negotiating with the federal government, and then more public security and military personnel came in. What are we negotiating about then?"

Agustin Gomez, who introduced himself as a Chamula Indian and apologized for "not speaking so well," but noted, however, that he always said "what is in my heart," commented that "when a leader defends his rights, the government institutions issue an arrest order for us. Only, they will never be able to do away with us...."

Later on he remarked: "We had talks with one director general of the INI (Carlos Tello). He looks like a boy. He does not listen. He runs us off quickly and scolds us, saying that we are threatening him, which is not true. He is the one who is threatening us. We do not know where he comes from; he looks like a gringo. Enough is enough."

"If we are going to continue this way," he concluded, "I can tell you as an Indian: an eye for an eye and a tooth for a tooth; and not one step more into our territories. I feel small talking before you, but bear in mind the words of this Indian."

Rubicel Ruiz Gamboa, Indian women, "Comrade" Luis, and even an Indian named Hernan Cortes spoke in this same tone; they called for an end to the lies and for consideration to be given to the demands of justice, liberty, and democracy.

"What is worrisome," they said, "is the attitude of the federal government in declining to take up the major issues of Indian autonomy with civil society, issues like the lands and territory of the Indians, their organization, the presence of the courts, and how to resolve political problems. We have to keep saying, for example, that the Indians should be able to elect their own authorities."

And if we do not take up the issue of justice, the problems that have been around since the armed uprising on 1 January 1994 are not going to be resolved.

"If we do not resolve the problem of the countryside and justice, there will be no peace. We are not going to make progress either unless the laws that affect us politically, economically, and socially are changed. We have to get this into their heads.

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"They are not going to solve the agrarian problem by giving us five hectares, but by amending Article 127, and from within the Indian communities, not from Salinas' head. We have to talk about the large estates, the expropriated lands, and everything else. If they try to give us crumbs, they are wrong."

"We have to talk about roads, but the kind that you have, about the schools and large universities that you have, about development projects for our communities, about housing for the Indians, not the sort of homes that you have but at least a floor under our feet and a little bit of water that is not infected with cholera. Right now we are living under the trees. We want equality. If we are going to talk about health care, then it should be about hospitals like you have, not about the fact that we do not even have aspirin now."

In the old PRI [Institutional Revolutionary Party] style, Dante Delgado skirted all of the demands. And the deputy secretaries accompanying him, such as Alvaro Echeverria from the Agrarian Reform Secretariat, Javier Bonilla from the Health Secretariat, Jose Antonio Mendoza from the Agriculture and Water Resources Secretariat, and Oscar Gonzalez from the Secretariat of the Environment, did not say a word. As some of the peasants in attendance commented, they "should have sent photographs of themselves instead."

Dante praised everyone who spoke up. He said that he agreed on the need to address the issues raised within the law. He explained his responsibilities, adding that the deputy secretaries are going to wait and see what sort of agreements are reached. He congratulated the Indian women for calling on officials to change their attitude. He hoped that solutions could be found to the problems. He urged dialogue so that order will prevail and more sit-ins and marches will not be necessary.

He appointed the heads of the agrarian affairs, development, and welfare boards, and of the programs for women's participation. He admitted that the meeting lacked coordination with the Public Education Secretariat and the National Indian Institute. He stated that with organization progress could be made. He denied that he was in a hurry, as was contended. He asserted that the general policy of the government in Chiapas was one of detente, dialogue, and rapprochement with the social organizations. And he gave assurances that there is a determination to work.

The presidential representative said all this, but in the final accounting he did not agree to negotiate the issues that the representatives of the Indians and peasants in the state had insisted on. Most of the Indians and peasants, their spokesmen said, are prepared to take up arms, just like the EZLN, in the event that the government's deception and incapacity continue.

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Bolivia

Defense Minister Denies 'Secret' Plan To Invade Chapare

PY1306223195 Cochabamba LOS TIEMPOS in Spanish 28 May 95 p A9

[FBIS Translated Text] Bolivian Defense Minister Raul Tovar on 27 May categorically denied news media reports about a secret plan to eradicate coca plantations. The plan, which would allegedly involve the Armed Forces, was called "For the Good of All."

When the media asked Tovar whether there were plans for mass "eradication of coca plantations in the Chapare," the minister answered: "If the administration were to do something, it would be open about it."

He reiterated that the government and the Armed forces must abide by the law. He made it very clear, however, that "the Executive Branch will not undertake secret or covert actions. If we have to enforce the law, we will do so openly."

Tovar thus flatly denied news media reports and Chapare coca farmers' claims about a "vast and top secret military plan" for a military invasion of the Chapare region that the government and the Armed Forces had devised.

Defense Minister Rejects Political Decentralization

PY1306211995 Santa Cruz EL MUNDO in Spanish 29 May 95 p A16

[FBIS Translated Text] La Paz, 28 May (ANF) — Speaking in the name of the Bolivian Armed Forces, Defense Minister Raul Tovar Pierola endorsed the national trend to promote administrative decentralization. He nonetheless rejected all actions that would lead the country to a political decentralization.

He agreed with the president of the Republic's opinion that the separatist trends are placing territorial integrity at serious risk. "The separatism promoted by some regions is another challenge that Bolivia must face to guarantee its national survival," said the chief of state.

"The constitutional framework is very clear. There must be an administrative decentralization. We cannot go beyond that," said the defense minister, pointing out that the Constitution does not foresee a political decentralization.

"No one can aspire to things that go against the state of law, which is well established in Bolivia, or against democracy, which is proof of the solidity of Bolivian institutions," the defense minister said.

He insists that the Bolivian political organizations and national institutions should promote an administrative decentralization within the constitutional framework as another factor in seeking changes to build a better future.

When asked about some regions and regional civic organizations that are demanding that "the time has come to end the hateful centralism of the country," he answered:

"There is nothing to discuss. The law is very clear, and the Constitution must be respected in all its contents," said Raul Tovar, after having discussed the subject in the latest high command meetings.

"We promised to respect the Constitution when assuming our position, and we will make it be respected," said the defense minister.

He said that all the changes and reform programs suggested by the executive branch are fully supported by the Armed Forces. He said that for the past few months the military operational units have helped by disseminating the Law on Popular Participation, the Education Reform, and the capitalization of public companies.

Several military institutes have begun to include in their studies program the Education Reform Law, he said. The defense minister added that some companies, like the passenger and cargo airlines (TAM-TAB) [Military Air Transport-Bolivian Air Transport], are seeking their capitalization in order to reequip themselves.

National Finance Secretary Interviewed on Treasury's Woes

PY1306223395 La Paz PRESENCIA in Spanish 28 May 95 p 6

[Report on interview with National Finance Secretary Gaby Candia by reporter Amanda Davila; place and date not given]

[FBIS Translated Text] Bolivia's National Treasury (TGN) has been "on the verge of a nervous breakdown" since 1993, pressured by budgeted payments and the debts — some of them illegal — that it has inherited.

National Finance Secretary Gaby Candia started out by explaining that "Bolivia has a chronic fiscal problem." She recalled that a fiscal crisis unleashed a bout of hyperinflation in the mid-eighties, which brought about the current economic model in an effort to keep public expenditures under control and improve revenues.

The problem is, however, that while in the early years of the new model fiscal revenues grew, because fuel prices and taxes increased, the TGN must now be very careful and particularly efficient about money, because neither the price of fuels nor taxes have increased since 1993

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(with the exception of taxes on professional services, which went up 1 percent).

According to Candia, the new fiscal policy has compelled Finance Ministry officials to implement a system "to make sure that the available funds are being spent properly, to encourage the payment of taxes, and to improve the prestige of fiscal management."

Candia added: "We must be efficient, as that is the only way to do our job." She said that the prior administration stepped down in 1993, leaving the TGN in a crisis, burdened by excessive spending, overdue debts to suppliers, and illegally contracted loans, like one with Taiwan that has yielded no benefits for the country.

She explained that since 1993 the TGN has paid "at least $100 million" to suppliers, because they had not been paid since 1991 and were threatening to paralyze the state. She expects to pay off all creditors by the end of 1995.

So far this year the TGN has paid $1.825 million on a loan obtained from the Taiwanese Government: $1.25 million to amortize the principal and $575,000 worth of interest.

During the second half of the year the TGN will pay $1.8 million more for the Taiwanese loan, totaling $3.625 million in 1995, the same as in 1994.

Because of these expenditures the TGN is having some problems in meeting its legal obligations: payments for salaries, equipment, supplies, and other expenditures of state organizations.

Candia said: "The TGN is not suffering from a shortage of cash. It has the money to cover obligations. The thing is that without the payments for the Taiwanese loan, and the overdue debts to suppliers and international organizations, the situation would have been easier."

Freed from the burden of the Taiwanese loan, the TGN would have had $306,000 per month to cover certain obligations. Finance Ministry officials, however, have stated that the loan "is being paid, and will continue to be paid without any argument," in keeping with Article 150 of the national Constitution.

Had the TGN had money to spare, there would have been no problems at the National Organization for Minors, Women, and the Family (Onamfa), whose suppliers threatened to leave it without food for orphanages and old age homes because of overdue debts pending since 1993. Nor would have there been any problems with the Armed Forces, which demanded payment for their suppliers of uniforms.

In 1993, an electoral year, the TGN did not disburse 4 million bolivianos to pay for Onamfa's food, nor did it pay 20 million bolivianos due for Armed Forces uniforms. Onamfa had been on the verge of having its supply of foods cut, and the Armed Forces would have been left without uniforms.

The contributions to the Basic Pension Fund have not been paid, either.

The Onamfa problem has been resolved, as the TGN has paid 2 million bolivianos to the suppliers and promised to pay the rest within six weeks. The Armed Forces have also received 10 million bolivianos to pay off part of their debt and the 51.4 million bolivianos they are due every month according to the budget. This means that the TGN has given the Armed forces 226.6 million bolivianos out of the 656.6 million bolivianos they have been allocated for 1995 (round figures).

Out of the 226.6 million bolivianos the Armed Forces received, 178 million went to pay salaries.

In the light of Chamber of Deputies Economic Committee claims that "disbursements have been experiencing harmful delays," Candia explained that the TGN has disbursed 25 percent of the allocations budgeted for all sectors: universities, Armed Forces, Onamfa, etc.

The Finance Ministry claims that even though fiscal revenues have been low "because there are good months and bad months," there is no shortage of cash, but rather certain "operational problems," especially considering that schools and universities — one of the TGN's main centers of attention — were paralyzed by a strike for more than a month. Nevertheless, April disbursements were paid out in May, as usual.

The case of the Chamber of Deputies, which has been complaining lately, is different. The lawmakers have spent their monthly budget faster than other organizations, and they want some extra funds.

The TGN is studying the request. According to the TGN, so far the Chamber of Deputies has received 13.2 million bolivianos out of their total allotment of 57.2 million for this fiscal year. Of the total amount received, more than 12 million bolivianos were spent on personal services.

Antidrug Police Chief: Nation 'Infested' With Trafficking

PY1206151095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 9 Jun 95

[FBIS Translated Text] Colonel Luis Caballero, commander of the Mobile Police Unit for Rural Areas,

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Umopar, said in Chimore that drug trafficking has invaded the entire national territory, that the Umopar feels incapable of stopping it.

He added that drug trafficking is a fact within the national territory, and that this harsh reality was caused by the lack of material and human resources, which is preventing the antidrug organizations from carrying out effective control operations. Colonel Caballero based his statement on the statistics related to drug enforcement. Caballero showed a map of Bolivia with black zones indicating where the Umopar had to participate to repress drug trafficking.

He said all the black zones are drug-trafficking areas, maceration pits, drug factories, and routes for transporting drugs, and that his shows that the entire country is infested with drug trafficking. He added there is no single point in the country where a drug enforcement operation has not been carried out.

Colonel Caballero pointed out that illegal drug trafficking is operationally centered in the Chapare because this region has enough excess coca, which is the raw material for drug trafficking. He added: One must be honest and clear about this, because coca is the most important precursor. Although chemicals are needed, the fact is that without coca there would be no cocaine.

He revealed that the growth of drug trafficking in the Chapare is based on the money coming from the Colombian and Brazilian cartels. Colonel Caballero said the money is used to pay people who are in charge of producing and storing the drug. He said the Chapare has approximately 120,000 inhabitants, but there is a floating population of some 9,000 people. Because these people do not have secure jobs, drug trafficking is rapidly increasing.

Colonel Caballero also said that the struggle against drug trafficking will not end overnight because this is a structural problem. He said this is not a police or military problem; it is a structural problem. He recommended once again that the government attack the root of the problem by implementing social, economic, and political measures to eliminate the reasons why people tend to resort to criminal activities.

Brazil

Ideological Struggle Within PT Discussed

95SM0367A Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 May 95 p 1-6

[Article by Carlos Eduardo Alves: "'Radical Democracy' Seeks To Review Dogmas"]

[FBIS Translated Text] The ideological struggle within the PT [Workers Party] features the group "Radical Democracy" as the most energetic advocate of a complete review of the historical policies of the Left.

"The party has been regressing because it is adhering to certain 'truths' of the traditional Left and yielding to pressure from corporatism," reads one of the faction's texts about the PT.

What is interesting is that "Radical Democracy" has its origins in two groups that made history as being among the most radical of *petistas*. The new faction was born of the merger of the groups "New Left," led by Sao Paulo Deputy Jose Genoino, and "Popular Power and Socialism," commanded by Eduardo Jorge, also a Sao Paulo deputy.

At the Sao Paulo PT's 1984 convention, Genoino used to provoke the Trotskyite wing allied with the "Articulation" faction by shouting "What I am is a Communist!" During the 1980's, Jorge terrified the more level-headed *petistas* with his theory of governing through "people's councils."

The merger of the two groups came about at the end of 1990, with the political review already under way. "The option for the democratic and humanist Left dates from before the fall of the Berlin Wall (1988)," said Genoino.

Jorge says the political shift occurred when he was secretary of health in the Sao Paulo administration of former Governor Luiza Erundina (1989-92). "Then I realized the need for communication and for governing with different sectors," he stated.

The "PT Right," as the wing is known, fiercely rejects that characterization. "The battle being waged today on the Left is between those who want renewal, as we do, and those who want to hold onto the dogmas of the past," said Genoino.

Socialism is a word rarely used in texts published by "Radical Democracy." "Marxism is an important reference, like Freud, but Marxism-Leninism is an authoritarian concept," said Jorge.

Both the society idealized by the *petista* group and the confused set of ideas held by the majority of the party are difficult to visualize. The discourse of the faction centers on a defense of the concept of citizenship and rejection of the socialism of the state. But it also rejects the social-democratic label. "The social-democrat model is in crisis, especially because of its Marxist theoretical base, and I cannot agree with social welfare that is won via taxation," said Genoino.

Despite its influence in the Congress, Genoino's group is hemmed in within the PT. It controls only 10 percent of the leadership positions in the party. Among its

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legislators are Senator Marina Silva (Acre) and Federal Deputy Milton Temer (Rio de Janeiro).

Group Has Dissidents in Rio

The confusion caused by the existence of several *petista* groups has grown recently. The PT "Right" has now acquired a dissident faction on the "Left." The majority of the Rio branch of "Radical Democracy" disagrees with the latest positions taken by Genoino and Jorge.

Deputy Milton Temer is the representative in the faction of the section whose opinions coincide most closely with the majority of the PT. "We have different views on subjects such as globalization, and we do not want to improve capitalism, but to transform it," said Temer.

The Rio deputy joined the PT in 1988 along with a group of intellectuals who, like him, had left the Brazilian Communist Party (PCB).

Temer opposes Genoino mainly through his intransigent defense of the maintenance of government monopolies in the areas of telecommunications and petroleum. "We cannot accept actions aimed against the Left," said Temer.

Public exposure of the differences is explained by the nature of "Radical Democracy." It operates more like a center for studies than as a faction fighting for space within the party.

Passion for the Spotlight Creates Jealousy

Within the PT, the battle against Jose Genoino is being fought on two fronts: the personal and the ideological. On the personal level, the legislative talent of the deputy and his passion for the spotlight arouse jealousy and criticism from *petistas* of all stripes.

It is on the political level, however, that the most powerful grenades are lobbed against "Radical Democracy." Markus Sokol, leader of the Trotskyite wing of the extreme Left, a group known as "O Trabalho," said the situation is reaching its limits. Sokol believes that "it is now the most extreme expression within the PT of the renovated communism, and its positions tend toward the abandonment of any contact with the factory worker movement." The Trotskyite leader believes there is room in the PT, which declares itself to be a pluralist party, for both Genoino and Jorge. "But we must insist on defending the working class and demanding its rights, and 'Radical Democracy' is abandoning this."

Meanwhile, Deputy Eduardo Jorge is enjoying a degree of prestige unprecedented in the PT. He is respected even by his internal opponents as a loyal and serious political figure. But his differences with the party majority are even greater than those of Jose Genoino.

By submitting an amendment on Social Security that conflicted with PT dogma (different retirement systems for rural workers and women, for example), Jorge picked a tough fight with the leadership. "What I cannot accept is demagoguery by people at the top. Careerism and opportunism also exist on the Left," Jorge said.

The rift between "Radical Democracy" and the PT leadership (including Luis Inacio Lula da Silva) widened recently because of differences on issues such as monopolies, Social Security, whether or not to negotiate the constitutional reform with the administration, the scope of political alliances, and other points.

Genoino will not admit it, but the faction's preferred interlocutor is no longer the militant base of the party, but the so-called "civilian society." In fact, "Radical Democracy" even waived its right to occupy two of the 21 vacancies on the Executive (one of the decisionmaking bodies) of the PT.

Brizola Supports Union of PDT, PT

95SM0367B Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 May 95 p 1-6

[Interview with former Rio Governor Leonel Brizola by FOLHA Rio correspondent Aziz Filho; place and date not given—first four paragraphs are FOLHA introduction]

[FBIS Translated Text] *At age 73, seven months after his defeat in the presidential election, Leonel Brizola, president of the PDT [Democratic Labor Party], is celebrating the 50th anniversary of the labor movement [Trabalhismo] by advocating a merger of his party with Luis Inacio Lula da Silva's PT [Workers Party].*

Brizola was one of the founders of the PTB [Brazilian Labor Party], established in 1945 with the support of then-President Getulio Vargas to channel the expression of the demands of urban workers.

Fifty years later, holding the same nationalist ideas as the old PTB, Brizola says that "only under socialism can humanity solve its problems."

According to Brizola, it is "almost mandatory" that the PT and PDT run a single candidate to succeed Fernando Henrique. The former governor, who always cited Australia as a model, now appears to be enchanted with China.

[Filho] What has changed in the doctrine of the labor movement since the days of Getulio Vargas?

[Brizola] The vision of what the labor movement is about has expanded. Those were nationalist positions, views that pertained to social rights. There was not the

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comprehensive outlook on the world and on national interests that we have today.

[Filho] At age 50, is the labor movement on its deathbed, or is it recycling itself?

[Brizola] We are at a crucial point. There was the mishap with the PTB acronym, which really hurt us, but it purified us. It is an instrument of the conservative oligarchies. It has as president a banker, Andrade Vieira, who refers to the PTB the way he refers to the Ministry of Agriculture. He goes in and says: "No one can throw me out of here, I've bought the place." He bought the party, which is not a party. It is an appendix of a government whose concern is to extinguish the Vargas era.

[Filho] In the electoral reform, could the PDT get its old name back?

[Brizola] We have completely abandoned the idea of using that name again. If we could, we would take it back so we could put it in a museum, keep it there as a reminder of a phase in our life. Today's labor movement expresses what we tried to define at the meeting in Lisbon. We are the authentic Brazilian route to democratic socialism.

[Filho] Which hurt the labor movement the most, the military regime or the emergence of the PT?

[Brizola] The PT emerged under cover of the military regime. It is an offshoot, an exotic plant that sprouted in the greenhouse of the dictatorship and sought to destroy us precisely where we should have had our biggest base, which was Sao Paulo. They did much to ruin our prospects by occupying the labor union space. But it is all part of the social process. Now I think the PT has acquired a different character. The trend is toward more and more approximation, in light of the circumstances that are shaping up as threats to our national life.

[Filho] Darcy Ribeiro says he dreams of a merger between the two parties. What do you think of that idea?

[Brizola] I don't doubt it will come to pass, but I don't yet see how. Our differences have shrunk, have become minimal, negligible, compared with what people want to do to this nation, to the rights of the Brazilian people. I find this meets with a lot of acceptance by the PT, which enthusiastically applauds my statements.

[Filho] You once thought of Lula as the conductor of the labor movement. Do you still think so?

[Brizola] We had hopes of a greater approximation—maybe even unity—between us, but events did not confirm our expectations. I have not given up hope that such an approximation will gradually come about. Lula is racking up experience. As for his future, he is a young man—it will depend on him.

[Filho] Isn't it anachronistic to advocate the same nationalist ideas as in the 1950's, when the world has changed so much?

[Brizola] Why is it anachronistic only with respect to us? Why don't people say the same about Mr. Roberto Marinho, who has owned O GLOBO for so many years, holding the same positions? All you need to do is read the newspapers from 40 years ago—they were the same positions. And Roberto Campos is the same as he was 40 years ago. Why aren't his positions outdated?

We live in an era of advertising, and enormous influence by the mass media. We struggle against this, trying to maintain original positions, which incorporate principles that are undergoing adaptation, but there is no reason to change in terms of the essence. We opted for democracy. We assumed a commitment to freedom.

[Filho] Given the 1994 defeat, what encourages you to believe that the labor movement will survive?

[Brizola] We are experiencing a fad that is driven by the media, which operates in Brazil like a single party. It supported the real that way and is doing the same thing with this process, by fits and starts, this nonsense of privatization by brute force.

We remain in the resistance. We are not worried about a few electoral setbacks. We have witnessed many situations like this. When Hitler was massacring the Jews, the middle class was thrilled, they wanted more, they denounced more Jews. When Hitler said "let's build a new international order," everyone thought that was what had to be.

We are resisting this thing they want to do now. If the PT, the PDT, and the people's parties are mistaken, then who is right? The PSDB? That's not a party. It's a club of pretentious intellectuals, of politicians who are taking advantage of their opportunities. It has no impact.

Are the conservatives right? What expectations do they offer, what banner do they wave, what hope do they hold out for the ordinary Brazilian? None. So why do everything they want?

I believe the future belongs to us, to socialism. Only under socialism can humanity solve its problems. I was in China, and I imagined that country under capitalism. It was anarchy itself, a monstrosity. Now it has organized, under a harsh regime. They say they had to assume a certain harshness in order to deal with external capitalist pressures. Now that that layer no longer exists, everything is sprouting up new and fresh, they are opening up, creating opportunity for everyone.

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[Filho] Are you relying on any specific circumstance in order to have hope for the future of the labor movement?

[Brizola] The social process. None of those schemes that they are putting into effect has any future. The country is being plundered by international forces and until we take care of that side of things, we will not have equilibrium.

[Filho] Should the PT and PDT run a single candidate for president?

[Brizola] It is almost mandatory. It is the minimum of good political sense, in light of past experiences and frustrations.

[Filho] Brizola, or Lula?

[Brizola] That is not for me to say. I am following the social process. My destiny is to follow the social process. If God above, who has already been very generous with me, allows me to continue, then I will end my life on a high note. I want to go down fighting. It does me good—it even makes me healthier.

Alliance Not Easy

So far, the PT and PDT have not been able to forge a national alliance. Right after the 1989 election, in which Leonel Brizola backed Lula in the runoff, the two parties negotiated an accord.

The axis of the alliance was PT support of Brizola in the 1990 gubernatorial election in Rio, in exchange for PDT support of the PT's candidate in Sao Paulo. However, the grassroots of the PT in Rio refused to support the PDT, and so each party ran its own candidate.

When the election was over, the two parties worked together on the (1993-94) constitutional revision. Then they resumed talks about an electoral alliance, once again without success: Lula and Brizola faced each other again in 1994.

Foreign Investment in Stock Markets Resumes

95SM0367C Sao Paulo VEJA in Portuguese
24 May 95 pp 110-111

[Unattributed article: "Tide of Fortune"]

[FBIS Translated Text] Anyone who sees Nabil Abraham walking along the sidewalks of Paulista Avenue, the financial heart of Sao Paulo, would never imagine how much money passes through his hands. Manager of a $400-million fortune for Egyptian, Austrian, and Australian investors, Abraham dresses discreetly, lives in a rented apartment, and displays no signs of wealth. He has never been seen at a party. He is an Egyptian who has been in Brazil for more than a year but still does not speak Portuguese. It's not that he tends to resist Brazilian things. On the contrary, he is enthusiastic about this country. "There is no place in the world that has the potential that Brazil has," he says.

The opinions of people like Nabil Abraham are significant because they are the ones who explain to the owners of the money who live in other countries what is happening inside Brazil. Foreign investments pass through solitary administrators like Abraham, through big banks, or through brokers before they are poured into industries or onto the financial market. They are middlemen, and they act as filters. If they are irritated with this country, then they think more about withdrawals then deposits. But these days, it seems, they are getting more excited about the prospects for the Brazilian economy. Foreign investors are entering the stock markets and putting money into corporations. In the last two weeks, the financial market recorded a net balance of $300 million. That means there were more people interested in entering this country than in leaving it. The Sao Paulo Stock Exchange received $70 million in foreign investment in April and another $170 million in May. That was under the heading of speculation. In terms of investments in production, the American Chamber of Commerce is predicting the entry of $4 to $5 billion this year.

The Money Is Returning

For the first time this year, foreign investors are putting more money into Brazil than they are taking out. According to the Central Bank, there were negative balances in January (-$1.9 billion), February (-$1.4 billion), March (-$4.3 billion) and April (-$0.7 billion). However, as of 17 May, there was a surplus of $0.3 billion.

The return of foreign investment to Brazil is good news because this money facilitates the modernization of factories, heats up the entire economy, and gives the dollar reserves fund some breathing room. Ever since the Mexican crisis at the end of last year, the general impression has been that foreign investors would not quickly regain their trust in the economic reforms promoted by Latin American countries. But that negative impression may not prove true. Since mid-March, money is returning—to Mexico itself, to Argentina, and also to Brazil.

Alternatives

There are signs that there is a lot of curiosity about the Brazilian market in foreign countries. This Monday, President Fernando Henrique will receive a delegation of foreign investors in Brasilia. He will also welcome leaders of multinationals established in this country. Everyone will ask questions and promise to bring

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more money to Brazil. In May alone, five lectures were given in other countries by Brazilian economists and businessmen. Those lectures were arranged at the request of investors and serve to sell this country's image. At the beginning of the month, John Reed, world president of Citibank, brought together 100 investors—25 of them foreigners—in Sao Paulo. He spoke well of Brazil. "New international funds earmarked for Brazil are emerging, and the number of consultations by investors has been increasing, albeit slowly, with every passing week," said Andrew Schores, who is responsible for the brokerage department of Garantia, one of the country's biggest investment banks.

The international funds are set up by the banks in various countries to provide investment alternatives for their clients. An Englishman who puts his money into Lloyd's Bank might prefer to invest in a less petrified economy and take a chance at bigger profits. Or he might put at least part of his investment into a more risky—and, potentially, much more rewarding—market. Brazil is one of the alternatives. Many of those funds buy shares on the Brazilian stock exchanges through banks and brokers. Some retain professionals here especially to take care of their papers in this country. Nabil Abraham is one of these arms of international funds. Luiz Fraga, who manages Latinvest, an American fund created exclusively for Latin America, and Walter Mendes, of the British management firm Schroders, which has more than $90 billion invested worldwide ($400 million in Brazil) are two more such men.

Managers of foreign investment funds in Brazil are interesting personalities because they act more independently than banks do. Together, Abraham, Fraga, and Mendes look after $1.5 billion in Brazilian stock—almost one-tenth of all the foreign money invested on the stock exchanges. Any sudden movement by one of them could rock the market, but their profile is not that of a nervous speculator. "They are investors who think long-term and have come to stay," said Jair Ribeiro, partner in the Patrimonio Bank, associated with Salomon Brothers, one of the world's largest investment banks.

It was because he thinks long-term that Fraga made one of the best deals on the Brazilian stock exchange last year. When practically all stock exchange operators were selling Varig stock, scared off by the news that the airline might file for bankruptcy, Fraga was buying. Result: In one year, the paper went up by 250 percent. The Americans who invested in Latinvest are the owners of 20 percent of the preferred stock of Varig. With a dozen assistants in charge of ferreting out good business opportunities and convincing companies with good potential to take their companies public, Fraga is known for taking a different approach than Brazilian investors do. His strategy is to discover little-known stocks that are appreciating significantly. He is capable of sitting still for a year, waiting for the right opportunity. Because of this strategy, the funds administered by Fraga were among the world's most profitable last year. Now he is getting ready to expand his clientele. He will introduce a fund for Brazilian investors—and plans to attract $200 million by the end of next year.

When it comes to making risky bets like the one on Varig, Fraga, Abraham, and Mendes have an advantage over other investors. Because they take care of a mountain of money, all the banks and brokers want to work for them, buying and selling their shares of stock in exchange for a brokerage fee. To win that business, banks and brokers give the managers access to all their reports and research about companies and the Brazilian market. This way, although they have only a few people in Brazil, the managers are among the best informed operators on the stock exchange. And they believe everything is going well with Brazil.

Some $34 trillion circulates on the world financial market. This is money that goes around looking for opportunities to make a profit and uses these well-informed people to determine what course to take. Developing countries play host to $3.4 trillion from foreign investors of every sort. The pension funds alone have $10 trillion to invest in the world, and a small portion of that money has been placed in Latin America. According to a survey by the U.S. magazine INSTITUTIONAL INVESTOR, a publication that specializes in finance, 34 percent of U.S. and European funds plan to increase their investments in developing countries, including Brazil. "It is in those countries that the larger yields are obtained that justify the risk you run," said Alvaro de Souza, world vice president for the international capital markets at Citibank.

When at the beginning of this year the Brazilian Government figured out how it would be possible to balance the country's accounts in 1995 and predicted the entry of $10 billion in foreign investment, that seemed to be an overly optimistic forecast. Now, things seem to be going better than planned. The world outside offers examples that would justify exciting forecasts: Last year, China received $34 billion from foreign investors.

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Chile

Frei Addresses Nation, Urges Full Respect for Legal Order

PY1406025795 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 14 Jun 95

[Address by Chilean President Eduardo Frei from O'Higgins Hall at La Moneda Palace in Santiago — live]

[FBIS Translated Text] Chileans: In view of recent events that have caused uneasiness among the people, I want to address the nation to reaffirm the statement I made on 30 May 1995.

Concerning the Supreme Court ruling in the proceedings over the assassination of former Foreign Minister Orlando Letelier, I said that the resolutions of the Judicial Branch must be fully respected and fulfilled. In my capacity as chief of state I have sworn to respect and to make respected the Constitution and the laws. Fulfillment of the judicial rulings is a substantial part of our constitutional and legal order. No one can prevent the fulfillment of the definitive ruling issued by the Supreme Court in the above-mentioned case.

The 1980 Constitution states that the affected official must abide without further proceedings by the judicial order, and must contest neither the basis nor the opportunity, the justice nor the legality of the ruling, which must be fulfilled. Acting otherwise would imply jeopardizing our stability, the country's international image, and coexistence among all Chileans.

Some would have liked the proceedings in this case to be accelerated. Others perhaps would have liked them delayed. But the citizens must be aware that the fulfillment of the ruling has been and will be subjected to the deadlines and transactions of the respective judicial procedures, the decisions of which depend exclusively on the appropriate courts.

Under these circumstances I want all institutions to act in accordance with the constitutional and legal order. I also want to call on all my fellow citizens to be confident in the state of law, in the functioning of the democratic order, and in those of us who are responsible for the government and for the state administration. Good evening.

Ministers Hold News Conference on Economy

PY1306185095 Santiago EL MERCURIO in Spanish 26 May 95 pp A1, A16

[FBIS Translated Text] Finance Minister Eduardo Aninat has reaffirmed that the Chilean economic prospects for this year are excellent, with great dynamics in terms of employment and with growing productivity. He said that in light of the positive results achieved by the various sectors, it would be appropriate to call for an additional effort to help the most vulnerable groups, such as retirees and students.

In a joint news conference held to focus on the leading macroeconomic indicators, Aninat and Economy Minister Alvaro Garcia referred to a proposal the executive branch is scheduled to send to Congress on 31 May to increase school subsidies by 5 percent and the lowest pensions by 10 percent by raising taxes on gasoline and tobacco.

Between 1990 and 1994 the Chilean economy grew by an average of 6.4 percent annually, while developing countries grew by 5.1 percent, and the global growth average stood at 2 percent.

The Chilean economic growth has been closely linked to domestic savings, which increased from 12 percent of the GDP in 1986 to more than 25 percent in 1994. Aninat said that, based on a preliminary review of the first quarter, domestic savings could account for 26 percent of the GDP this year.

Aninat emphasized the significant role played by the public sector savings in the overall figure and noted that the administration will continue to protect savings. To this end, he said it might be necessary to raise some taxes. He said: "We do not want to impose any burden on public savings, which has contributed to promoting growth and reducing inflation."

He added that by increasing public savings, the administration has reduced both domestic and foreign debts.

Aninat described the National Renewal [RN]'s proposal of reducing public spending and of privatizing part of the public assets as "ambiguous, very general and, to some extent, wrong" because RN contends that the 1995 budget was calculated on the basis of a 5.5 percent annual growth. Aninat said that because economic growth will be higher than 5.5 percent this year, there will be sufficient funds for financing social measures. He noted that the 1995 budget envisages a 5.8-percent growth.

Aninat added that the RN proposal calls for the use of funds set aside for financing Christmas bonus payments and wage increases in the public sector.

Aninat said: "We want a dialogue and we want to promote it in Congress. We have no problems. We will make whatever improvements may become necessary. In short, with due respect, I believe that both the RN and the Independent Democratic Union [UDI] must do their homework better."

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Queried about a greater effort to increase public savings asked for by businessmen in order to stabilize the peso exchange rate, Aninat said that that opinion is not the one prevailing in the private sector, but rather among some businessmen "receiving more press coverage."

Aninat urged businessmen to roll up their sleeves and to draw up a list of which expenses should be cut, in which ministries, how many employees should be dismissed, which salaries should be reduced, and which investments should be canceled. In his opinion, only in this way will they be able to draw a parallel between their proposal and the public savings accounting for 1.7 percent of the GDP made by the administration in 1994, which it will continue to do this year. He said: "The Chilean fiscal savings level has been the highest in the Americas, not only in Latin America. What else could we do?"

Aninat said that privatizations, which have also been suggested as an option, do not always mean savings because they entail the sale of assets. He noted that Codelco [Copper Corporation] is effectively contributing to increasing fiscal savings because it has obtained large surpluses.

Economy Minister Garcia said that the 1986-94 trend, which was maintained during the first four-month period of 1995, shows that the Chilean peso has gained ground vis-a-vis the U.S. dollar, but it has lost ground to the currencies of its other trading partners. This means that the current peso exchange rate, with regard to the currencies of our leading trading partners, is positive for Chile.

Hence, Garcia said, Chile has ample room for competing with its trading partners, with the sole exception of the United States. He said this is why there has been great dynamics in Chilean exports to Latin America, Japan, and, currently, to Germany.

Garcia expressed great optimism about Chile's chances for realizing continued growth by increasing exports, including nontraditional export items, in light of the increased productivity and of the vast prospects still remaining to improve this indicator, as well as the monetary exchange rates between Chile and its main trading partners.

Garcia noted that, in general terms, all of the sectors have profited from the economic growth. He admitted, however, that some agricultural areas and some parts of the textile, leather, and shoe industries are facing problems. In these areas, Garcia said, the businessmen are confronted with the challenge of promoting a productive transformation of their sectors, which are lagging behind the others.

Asked if the adminstration is considering options for resolving the problem posed to exporters by the declining exchange rate of the peso, Aninat said this is just one of many macroeconomic indicators affecting exporters and importers. To effectively measure the impact of the declining peso rate, it should be considered within the context of what has happened with the cost of capital, mechanization, new technology, new markets, and, above all, with the effects of productivity on the job market.

Aninat said that, after a thorough study of the impact of the exchange rate, "it is not clear at all," at least for the administration and for the Central Bank, that it is causing problems. There are problems that are affecting very specific areas, but which have to do with structural situations, and not only with the exchange rate variable.

After noting that the Central Bank is in charge of monitoring the exchange policy, Aninat said that the bank conveys very significant signals through the exchange rate, which serves as reference for the floating rate, and which reflects the bank's commitment to the trend it is envisaging for the long term.

Aninat said that the goal of having inflation not higher than 8 percent this year will be easily achieved and that some analysts even believe that it could be kept under that percentage. In 1994, the prices of nontradeable goods were increasing at a pace of 15 percent per year and this year they are increasing by less than 10 percent. In his opinion, this means that cost factors are not exerting inflationary pressures on these prices.

Commenting on the concern expressed by the Industrial Development Association (Sofofa) that the new taxes may ultimately have an adverse effect on those they are intended to benefit as a result of higher inflation, Aninat said that the contrary is true, because if pensions and school subsidies are increased without increasing taxes, an additional pressure would be generated on economic spending. Instead, we are trying to collect more from the highest income sectors.

Aninat added that while real average salaries increased by between 3.8 and 3.9 percent from 1989 to 1994, the productivity of the sector has increased by 3.7 percent in real terms. Thus, he said, besides more jobs, higher productivity, and higher real salaries, there has been an improved distribution of income in sectors in which substantive efforts are still required.

Aninat said that the administration seeks to create 120,000 new jobs this year and that, according to partial indicators, the labor productivity growth will stand at least at 3.5 percent.

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Aninat said that the ultimate challenge for the agricultural sector, the average productivity of which has been lower than half of the productivity rate of other sectors, is to realize that its problem is not of a macroeconomic but rather of a microeconomic nature, and that by improving its ability to make diagnoses and making progress in this respect, it will be possible to move ahead together through the implementation of the measures announced for this sector in March by the administration.

Colombia

Cali Cartel Suspects Surrender to Justice Officials

PA1306122995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jun 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The kernels have started to fall off the ear of corn, some observers said today. This morning, while Cali Cartel leader Gilberto Rodriguez Orejuela was at the Regional Prosecutor's Office, another individual being sought by the justice system, a Cali Cartel front man, turned himself in. His name is Tulio Enrique Murcillo.

Murcillo, against whom an arrest warrant had been issued, arrived at 0800 accompanied by his lawyer, Olivia Reina del Castillo. After undergoing a medical test, he was taken to the No. 5 cell block of the National Modelo Penitentiary.

Tulio Enrique, 50, along with his brothers Luis Fernando and Julian, appear on a list of 13 Cali Cartel front men being investigated by the Prosecutor's Office within the framework of the well-known 8,000 Process [Proceso 8,000].

Tulio Enrique's interrogation could not be conducted today because the faceless judges and the regional director of the Prosecutor's Office were busy getting statements from Cali Cartel leader Gilberto Rodriguez Orejuela.

It also was announced that Julian Murcillo, former manager of Exposal, and Lito Farallones will turn themselves in to the authorities within the next few days.

Another person who turned himself in to authorities was alleged drug trafficker Alfonso Lopez Rodriguez. Until today, Lopez did not appear on any of the 8,000 Process lists and there were no arrest warrants against him at the regional Prosecutor's Office in Santa Fe de Bogota.

Minister on Reaction to Capture of Cartel Leader

PA1306150795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1400 GMT 13 Jun 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The Colombian Government has asked the international community to clearly and frankly support its judicial system by providing the evidence that will allow it to indict narco-traffickers without any major difficulties.

Colombia hopes international cooperation in this regard will be resumed totally, Colombian Foreign Minister Rodrigo Pardo has said, commenting on the worldwide reaction to the capture of Gilberto Rodriguez Orejuela, whom authorities have accused of being a leader of the Cali Cartel. International cooperation is fundamental in bringing criminals before justice, Pardo has said.

He also has commented on the message by controversial U.S. Senator Jesse Helms regarding the capture of Rodriguez Orejuela. He has said that although he would have liked it to have been a clearer recognition, it favors the country in any event and clarifies the picture of cooperation.

EPL Guerrillas Deny Role in Medellin Bomb Attack

PA1306173595 Mexico City NOTIMEX in Spanish 1609 GMT 13 Jun 95

[FBIS Translated Excerpt] Santa Fe de Bogota, 13 Jun (NOTIMEX) — The Colombian Popular Liberation Army [EPL] today issued a communique denying any involvement in the bomb attack that killed nearly 30 people in the northeastern city of Medellin.

The EPL joined the National Liberation Army and the Revolutionary Armed Forces of Colombia — groups that comprise the Simon Bolivar Guerrilla Coordinating Board — in condemning the terrorist attack and denying participation in it.

A bomb containing 10 kg of dynamite exploded on Saturday beneath a bronze sculpture in a plaza where more than 2,500 people were participating in a fiesta. The explosion killed 29 and injured more than 200, several of them seriously.

The EPL communique, signed by the organization's top commander Francisco Carballo, who is currently in prison, "condemns and denounces this criminal and terrorist act in San Antonio Plaza" and expresses "its condolences and solidarity" with the relatives of the victims.

The rebels reaffirmed their opposition to all forms of terrorism and made public their certitude that no sector

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of the Coordinating Board "had anything to do with this horrible crime."

The guerrillas denounced warmongering sectors that want to close all roads to peace with social justice and that are working toward this end. The guerrillas said, "These sectors endorse militarism, black propaganda, and the creation of paramilitary groups."

The EPL denounced a "fierce onslaught by the state's Armed Forces" against rebel fronts in various regions of Colombia "accompanied by all sorts of abuses against the civilian population." [passage omitted]

Ecuador

President Announces Gallardo's Resignation

PA1306192395 Quito Voz de los Andes in Spanish 1700 GMT 13 Jun 95

[Report by Edwin Chamorro from the Press Room at Carondelet Palace in Quito; from "The Voz Andes Newscast"]

[FBIS Translated Text] General Jose Gallardo Roman has announced his resignation to become a candidate for the Presidency of the Republic. We will have a report on this in a minute.

Meanwhile, President Sixto Duran-Ballen today said he will swear in the new national defense minister — retired General Alfonso Alarcon — Wednesday [14 June] morning. President Duran-Ballen said this at a ceremony during which he assigned 16 of 84 housing units to relatives of Cenepa war heroes.

President Duran-Ballen said the Armed Forces have fulfilled their duty, and he denied plans to use the conflict with Peru for political purposes, because the war has not yet ended; it continues.

President Duran-Ballen also commented on the defense minister's resignation.

[Begin Duran-Ballen recording] Gen. Jose Gallardo has tendered his resignation from the post of defense minister with the intention... [pauses] with the legitimate right every Ecuadoran citizen has to serve the homeland, to withdraw from the administrative process involving a ministry, and to actively enter the political process without any ties to the government in order to work with the same independence that all of the candidates will have.

Let this also serve to indicate something. My government will fully respect our democracy, as I believe I have shown throughout my public and private life. My government will fully respect the process that will begin in a matter of weeks, if it has not begun already, to elect the next president, mayors, prefects, councilmen, and so on. There are no official candidates, and there never will be. My government will respect the results and be fully impartial. I believe I have proven this throughout my life, whenever I have participated in a political process. My actions have always abided strictly by the ethics and morals my parents taught me.

Therefore, Gen. Gallardo and other candidates who may toss their hats into the ring will be able to carry out the loftiest and noblest of campaigns, thinking only of what is best for the country. Gen. Gallardo has earned our respect as citizens, given his position of thinking his service to the country does not end at the ministry and that there are other options in the future.

Aside from what this means, Mr. General, on a personal basis please accept my friendship, my admiration for the fulfillment of your role, and, within the spirit of fairness, my best wishes for your success. Moreover, Mr. General, I believe you have proven your merit through your position on military matters, leading a group of honorable officers and troops who followed your orders as a minister in charge, and you did this while efficiently handling the military process. Mr. General, you have the recognition and eternal gratitude of the Ecuadoran people you served. [end recording]

These were President Sixto Duran-Ballen's words this morning, when he officially announced National Defense Minister Gen. Jose Gallardo's resignation.

It was also disclosed that Gen. Victor Bayas, who until today has served as chief of the Armed Forces Joint Command, also presented his resignation. Therefore, Gen. Jose Gallardo and Gen. Victor Manuel Bayas are leaving their military posts. Gen. Gallardo is doing so to run for president, while Gen. Bayas' reasons are unknown. I repeat, the new defense minister, Gen. Alfonso Alarcon, will be sworn in tomorrow at midday.

One hour after the president of the Republic made this announcement, Gen. Gallardo informed the Ecuadoran people that he had resigned to run for president in response to the requests of many citizens throughout the country who have offered him, he said, their generous and decisive support. I am aware, he said, that I am assuming a crucial responsibility at a time of great challenges, uncertainties, and overwhelming changes that are generating new opportunities and threats.

Gen. Gallardo also said that on the threshold of the next millenium the people are wondering whether a human being can be truly free when he is enslaved by hunger and ignorance; whether dignity can exist in a society in which the poor are increasingly poor and numerous; where corruption has become shamelessly

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cynical, justice consecrates impunity, and crime is submerging us in fear; and where political success is measured by the ability to embezzle public funds and not by devotion to service.

For these and other reasons Gen. Gallardo will run as an independent presidential candidate, without the support of any political party; however, he will accept any support regardless of which sector it comes from. Let us listen to part of his official announcement.

[Begin Gallardo recording, in progress] ...housing and social security, they never feel comfortable knowing that thousands and thousands of Ecuadorans are jobless, homeless, and totally abandoned. I am hereby inviting the majority of Ecuadorans to participate in the civic crusade I am initiating today. I am asking them to extend their generous hands to those who are weak, dispossessed, and weighed down by hunger and desperation. I am inviting to join me those who know this is the only path that can makes us stronger and allow us to achieve peace and progress in our country and respect for our borders.

United in this way, let us immerse ourselves in production and work that generates wealth, because poverty is not redeemed by poverty. United in this way, we need not fear the opening of our doors to foreign investments, free trade, market competitiveness, and integration. United in this way, we need not fear to negotiate for peace, because we will be so strong that we will never negotiate out of fear. United in this way, let us make the Ecuador of our dreams a beautiful reality for our children. [end recording]

These were the remarks of Gen. Jose Gallardo, who until today was the national defense minister, when he announced his resignation and his bid to run for president of the Republic.

As is known, elections will be held in Ecuador next year. As for a running mate, Gallardo said this will be announced later. He added that the Armed Forces will play a role but will not necessarily be linked to him in this electoral campaign because he will be running as an Ecuadoran citizen. Gallardo added that his is not a government candidacy.

Paraguay

Wasmosy: 'I Received a Death Threat From a Japanese'

PY1306155595 Asuncion NOTICIAS in Spanish 13 Jun 95 p 8

[FBIS Translated Text] President Juan Carlos Wasmosy yesterday said the National Police and the authorities involved in investigating the alleged presence of a Japanese terrorist group in Paraguay "already have taken all the required precautions" to strengthen and guard national security.

During his speech before the Paraguayan Union of Chaco War Veterans [Union Paraguaya de Veteranos de la Guerra del Chaco] (UPV Chaco), the president also pointed out that he has received death threats "from a Japanese."

The president emphasized that he would fight corruption, contraband, and drug trafficking, and noted that if this fight claims his life, he would "gladly" surrender his life as the Chaco war veterans did to defend our national sovereignty.

The president said: "It was only yesterday that I received a death threat from a Japanese. I am not afraid of bullets and, as your comrades (the war veterans) surrendered their lives in a senseless war, I would gladly surrender my own life now for the sake of ensuring better days throughout our entire Republic."

Six suspects allegedly linked to the presence of the Red Army, a Japanese terrorist group, in our country have reportedly been arrested in Ciudad del Este, the capital of Alto Parana Department. This information, however, has not been officially confirmed.

According to information supplied by Jisasi Ueno, the first secretary of the Japanese Embassy in Paraguay, the Red Army is an ultraleftist terrorist group that has already perpetrated various attacks and might be linked with Islamic fundamentalist groups. Ueno reported that two members of this group, who used false names and forged papers, have been identified. They are: Jente Kai Midei, 51, with a British passport, and Dogwer Wilfredo Reiz Fukumoto, 39, with a Peruvian passport. They actually are Jennie Kang Midei and Kazuo Toshira.

Military Forces, Army Commanders Deny Coup Rumors

PY1306162295 Asuncion ABC COLOR in Spanish 13 Jun 95 p 9

[FBIS Translated Text] Division General Silvio Rafael Noguera, the Military Forces commander, yesterday disavowed coup d'etat rumors and emphasized that absolute harmony and understanding prevail within the Armed Forces, "unless a major double standard prevails among the commanders." Army Commander Division General Lino Oviedo agreed with Noguera, saying "joy, happiness, and brotherliness alone" prevail among the military personnel. Oviedo ironically said journalists might be responsible for the rumors.

Asked about the coup d'etat rumors following the financial upheavals reported recently, imbalances involving

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important people with notable economic power, Gen. Noguera emphasized: "Unless a major double standard prevails among the commanders ... there is nothing. Everything is quiet and these reports are groundless." In the Military Forces commander's opinion, the reported financial problems are completely unrelated to the Armed Forces. He made these remarks after a ceremony marking the anniversary of the Chaco Peace at the Heroes Mausoleum yesterday.

In this regard, Noguera noted that if there were the slightest sign of disquietude within the military ranks, the commanders would not have participated in the Heroes Mausoleum ceremony on Palma Street. Gen. Noguera explained: "You noted that the three commanders participated in the ceremony. If there would have been any problems, they would not have left their units." Gen. Oviedo, Navy Commander Vice Admiral Carlos Guillermo Lopez Moreira, and Air Force Commander General Cesar Cramer were present at the ceremony.

Noguera noted that various events, involving embezzlement and other financial issues, are currently being reported. He noted that this situation probably is prompting the rumors, "which likely have been promoted by sectors interested in adding yet another negative factor to this atmosphere that is completely unrelated to the Armed Forces." Gen. Noguera emphasized that the relationships and operations within the Armed Forces are completely normal.

Gen. Noguera noted: "These rumors are completely groundless. There have been so many rumors, and the citizens are witnesses to the fact that these rumors have never been more than that — rumors."

Gen. Oviedo downplayed the significance of these reports, noting that the mobilizations were merely aimed at celebrating another Chaco Peace anniversary. Gen. Ovideo emphasized: "There is no such thing. Joy, happiness, and brotherliness alone prevail within the Armed Forces."

Asked about the possible source of these rumors, the Army commander banteringly responded: "You just might be the source. We have done nothing."

Asked about the works currently being carried out in Nu Guazu, Gen. Oviedo pointed out that he could not discuss this issue at length "because I am not an architect."

Peru

State of Emergency Extended in Several Provinces

PY1206223895 Madrid EFE in Spanish 2128 GMT 10 Jun 95

[FBIS Translated Text] Lima, 10 Jun (EFE) — The Peruvian Government today extended for 60 days the state of emergency in several provinces of eight departments because of the continuous terrorist activities in them.

This measure, which was implemented through government decrees released today by the official gazette EL PERUANO, affects the jurisdictions of the jungle departments of Loreto and San Martin, those of Huanuco, Junin, and Pasco in the central Peruvian mountain region, and those of Ayacucho, Cusco, and Huancavelica, southeast of Lima.

These legal measures provide for the suspension of constitutional guarantees in the zones where the state of emergency is maintained, with the Armed Forces charged with controlling internal order.

The decree states that the objective of this measure is to conclude the pacification process in these zones, where order is continuously disrupted.

Economy Minister Examines Economic Development Pace

PY1406021495 Lima EXPRESO in Spanish 23 May 95 p A29

[Interview with Peruvian Economy Minister Jorge Camet by unidentified reporter in Lima; date not given]

[FBIS Translated Text] [EXPRESO] Mr. Minister, what can you tells us about the meeting you just held with the creditor banks?

[Camet] They were the first talks. We will meet again. Negotiations toward a Brady Plan usually take two or three months.

It is a tradition that banks usually adopt extreme positions. Aware of this, the governments also assume extreme positions (like demanding discounts on the principal and interests) so that in successive meetings the points of view converge.

[EXPRESO] What did you ask for?

[Camet] What did I ask? The maximum.

[EXPRESO] Total pardon?

[Camet] Not that much.

[EXPRESO] What do you mean...

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[Camet] I cannot be more explicit. There is a commitment between us to keep absolute secrecy. They (the banks) have not leaked anything although there are eight of them in the Advisory Committee. Citibank is the chairman and William Rhodes is the head.

[EXPRESO] Did the banks ask the Peruvian Government for a prior payment as gesture of "goodwill" to begin negotiations?

[Camet] It is traditional for them to ask and it is traditional for us to say no. Positions vary in accordance with developments at future meetings. We will meet again.

[EXPRESO] It is said that the government will decelerate the pace of economic growth. Is that true?

[Camet] I have never talked about decelerating the economy. It would be nonsense to cool it when poverty still prevails. No measure has been adopted to cool the economy.

[EXPRESO] But it seems you agree with the IMF over a more moderate growth.

[Camet] In the draft letter of intent to the IMF we established a growth rate of between 6 and 7 percent and an inflation rate of between 9 and 11 percent this year.

I personally do not think we will grow at less than 8 percent, but not as high as the 12 to 13 percent registered last year, because if we keep growing at this pace we will have a totally negative current account. No country in Latin America, not even Chile, has grown at more than 7 percent. [sentence as published]

What good is it to grow that much only to experience a drop? It is for this reason we proposed more moderate growth. This does not mean we must get into a recession.

[EXPRESO] And what about a supposed budget cut?

[Camet] Social expenditures will not be reduced. We must reach a primary surplus similar to that of last year with 0.5 percent. This will allow an intervention by the Central Reserve Bank in the exchange market without generating inflation, which will help exports.

[EXPRESO] It is said that the IMF asked Peru to increase the IGV [General Sales Tax] from 18 to 20 percent.

[Camet] No one has proposed increasing the IGV and we are not going to do it. Perhaps we could increase the ISC [Selective Consumers Tax] on some consumer goods. There is a study on the matter. We could increase that tax on consumer goods that are not manufactured here, otherwise we would be returning to the old times of protection.

[EXPRESO] By the end of June, Peru must decide before the Cartagena Agreement Board whether to remain within the Andean Group.

[Camet] That is a decision yet to be made and I am studying it with Industry Minister Liliana Canale. My personal opinion is that we should propose a partial temporary suspension in the commercial area, which I obtained when I was at the Industry Ministry. Peru must continue that suspension because the financial part suits us. We will thus be able to continue to obtain credits from the CAF [Andean Development Corporation] and take advantage of the Andean tariff preferences granted by the EU.

Venezuela

Congress Authorizes Treasury Notes

PA1206014595 Caracas ECONOMIA HOY in Spanish 9 Jun 95 p 4

[Report by Niurka Franco]

[FBIS Translated Text] The Congress of the Republic finance commission's decision to authorize the issuance of an amount up to 233.733 billion bolivares in treasury notes to cover the cash flow deficit has now left the National Treasury in a position to reschedule, as of next week, repayment for an earlier date of a portion of its debt.

The Finance Commission deputies, during an extraordinary session and after having received a report requested from the Central Bank of Venezuela (BCV) listing the repurchase agenda of all treasury notes in circulation, proceeded to give the "green light" to the operation the government is preparing to undertake.

According to Gustavo Tarre Briceno, a Social Christian Party (Copei) deputy, this legislative branch requirement originates from the need to comply with guidelines included in the fifth article of Umbrella Law 95, which stipulates that, at the close of the year, the amount of treasury notes in circulation must not exceed 233.7326 billion bolivares. Currently, there are nearly 181.530 billion bolivares still circulating in the market, which must be repurchased throughout the year so that by 31 December the amount outstanding can be less or equal to what the law stipulates.

Tarre Briceno took the opportunity to emphasize two issues which he contends are of utmost importance. The first, Congress' willingness to find solutions to the cash flow deficit confronted by the Treasury of the Republic.

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The second issue is related to contradictions in the president's proposals when he points to the existence of individuals in Congress who are merely interested in destabilizing the country.

"It would seem that the president is unaware of the manner in which Congress operates. If it were not for the opposition, the Treasury problems that we are today resolving would really contribute to further destabilizing the country."

On the other hand, Ricardo Cabezas, head of the Movement Toward Socialism [MAS] parliamentary bloc, applauded Congress' decision as positive, since the Treasury will be able to restore its cash flow in order to comply with pending commitments such as constitutional allotments [situado constitutional] and financing Brady bonds for amounts greater than 39 billion bolivares. In addition, by issuing new treasury notes the government will be able to reschedule 12 notes it had withheld from the public universities. He observed that at this moment, when one of the dates that was set to redeem the treasury notes in circulation is about to come due, there are 142,913.382 bolivares in the market. According to the law, the notes must be collected before 31 December.

Speaking on behalf of the government banking system, Jose Miguel Uzcategui said it will be up to the Congress to monitor compliance with the program and the legal norms, which state an amount higher than the one authorized cannot be in circulation. The National Convergence congressional chief is convinced the executive will faithfully abide by the timetable submitted to redeem the notes.

Existing Treasury Notes

Decree No.	Amount in Circulation		Sale Date	Due Date
	Million U.S. $	Million Bolivares		
Domestic Market		74,746		
Decree No. 219		33,956		
		6,500	16-03-95	15-06-05
		1,410	13-03-05	16-06-95
		26,046	20-03-95	19-06-95
Decree No. 2622		19,790		
		4,400	04-10-93	04-10-95
		25	04-10-93	16-10-95
		4,000	08-11-93	08-11-95
		1,760	10-11-93	13-11-95
		440	12-11-93	13-11-95
		2,100	15-11-93	15-11-95
		1,000	17-11-93	17-11-95
		1,195	24-11-93	24-11-95
		100	25-11-93	27-11-95
		1,150	01-12-93	01-12-95
		482	02-12-93	04-12-95
		1,520	08-12-93	08-12-95
		400	10-12-93	12-12-95
		1,000	15-12-93	15-12-95

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Decree No.	Amount in Circulation		Sale Date	Due Date
		218	16-12-93	18-12-95
Decree No. 3248		21,000		
		8,750	28-12-93	28-12-95
		4,300	29-12-93	29-12-95
		2,000	17-12-93	18-12-95
		5,015	30-12-93	30-12-95
		603	31-12-93	31-12-95
		332	16-12-93	18-12-95
Foreign Market	401	68,170	1/	
Decree No. 3115	300	51,000	20-09-93	20-09-95
Decree No. 3252	101	17,170	07-12-93	07-12-95

1/at an exchange rate of 170 bolivares to the dollar.

Source: BCF/DPF [expansion unknown]

Roundup of Venezuelan Economic Developments

PA1306201695

[FBIS Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 13 June.

Maraven, a subsidiary of Venezuelan Petroleum, Inc., and AB Nynas Petroleum have renegotiated the extra heavy oil supply contract that has been in effect since 1986 and have signed a letter of intent to evaluate the possibility of reaching an agreement for the joint marketing of derivatives from the Curazao Island Refinery, Maraven announced yesterday. (Caracas EL UNIVERSAL in Spanish 7 Jun 95 p 2-5)

The Industrial Credit Fund (Foncrei) plans to disburse 6 billion bolivares to the industrial sector by the end of the year. Foncrei has already dispersed 513 million to 10 creditors. (Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 7 Jun 95 p 12)

The Economic Statistics Directorate of the Central Statistics and Data Processing Office has reported that from January to April 1995, Venezuelan imports registered $2.844 billion, a 7.5 percent increase over last year's imports for the same period. The private sector was responsible for 84.1 percent of these imports. (Caracas ECONOMIA HOY in Spanish 9 Jun 95 p 22)

There is a congressional consensus on the need to pay the internal debt, and opposition and government parties have approved budget allotments to pull out of this debt. The Chamber of Deputies Finance Commission has approved the issuance of 233 billion bolivares in treasury bonds requested by the Finance Ministry for this purpose. (Caracas Venezolana de Television Network in Spanish 0200 GMT 9 Jun 95)

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